

Half-Year Financial Report

October 31, 2022

SeSa

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Governance and control bodies of Sesa SpA

Board of Directors

	Gender	Birth Year	Role	Deadline
Paolo Castellacci	♂	30/03/1947	Chairman	approval of financial statements 30 April 2024
Giovanni Moriani	♂	19/11/1957	Executive Vice Chairman	approval of financial statements 30 April 2024
Moreno Gaini	♂	14/09/1962	Executive Vice Chairman	approval of financial statements 30 April 2024
Alessandro Fabbroni	♂	03/03/1972	Chief Executive Officer	approval of financial statements 30 April 2024
Claudio Berretti	♂	23/08/1972	Non-Executive Director	approval of financial statements 30 April 2024
Giuseppe Cerati	♂	15/05/1962	Independent Director	approval of financial statements 30 April 2024
Angela Oggionni	♀	08/06/1982	Independent Director	approval of financial statements 30 April 2024
Chiara Pieragnoli	♀	11/11/1972	Independent Director	approval of financial statements 30 April 2024
Giovanna Zanotti	♀	18/03/1972	Independent Director	approval of financial statements 30 April 2024
Angelica Pelizzari	♀	18/10/1971	Independent Director	approval of financial statements 30 April 2024

Corporate Governance Bodies

	Deadline
Control and Risks and Related Parties Committee	
Giuseppe Cerati (Chairman), Giovanna Zanotti, Chiara Pieragnoli	approval of financial statements 30 April 2024
Director in charge of Internal Control: Alessandro Fabbroni	approval of financial statements 30 April 2024
Remuneration Committee	
Angela Oggionni (Chairman), Giovanna Zanotti, Claudio Berretti	approval of financial statements 30 April 2024
Sustainability Committee	
Giuseppe Cerati (Chairman), Giovanna Zanotti, Chiara Pieragnoli, Alessandro Fabbroni	approval of financial statements 30 April 2024

Management Control Committee

	Role	Deadline
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2024
Chiara Pieragnoli	Committee Member	approval of financial statements 30 April 2024
Giovanna Zanotti	Committee Member	approval of financial statements 30 April 2024

Supervisory Board pursuant to Law 231/2011

	Role	Deadline
Giuseppe Cerati	Chairman	approval of financial statements 30 April 2024
Chiara Pieragnoli	Committee Member	approval of financial statements 30 April 2024
Giovanna Zanotti	Committee Member	approval of financial statements 30 April 2024

Auditing Company

	Deadline
Company entrusted with the statutory audit	KPMG SpA approval of financial statements 30 April 2024

Highlights

Consolidated economic data for the periods ended October 31 of each year

(Euro thousands)	2022	2021	2020	2019	2018
Revenues	1,298,771	1,024,779	883,159	764,960	643,770
Total revenues and other income	1,311,736	1,036,700	889,280	770,202	648,208
EBITDA	93,387	73,272	53,566	40,034	30,144
Adjusted operating profit (EBIT) ⁽¹⁾	70,370	56,183	39,075	29,764	22,681
EBIT (Operating Income)	62,655	50,532	35,725	27,766	21,462
Profit (loss) before taxes	58,761	47,326	34,286	25,967	19,638
Net profit for the period	41,133	33,968	24,392	18,076	13,684
Net profit for the period attributable to the Group	38,748	31,811	21,817	16,000	11,996
Adjusted net profit (EAT) for the period attributable to the Group ⁽¹⁾	44,240	35,833	24,202	17,422	12,864

Consolidated balance sheet figures as of October 31 of every year

Total Net Invested Capital	341,648	253,055	249,246	234,516	211,810
Total Shareholders' Equity	352,144	286,627	272,326	236,465	213,612
- attributable to the shareholders of the Parent Company	323,580	267,159	253,089	222,580	203,249
- attributable to non-controlling interests	28,564	19,468	19,237	13,885	10,363
Net Financial Position reported (Net Liquidity)	(10,496)	(33,572)	(23,080)	(1,949)	(1,802)
Net Financial Position (Net Liquidity) ⁽²⁾	(189,490)	(170,868)	(101,653)	(43,649)	(23,446)

Consolidated economic ratios as of October 31 of every year

EBITDA / Total revenues and other income	7.1%	7.1%	6.0%	5.2%	4.7%
EBIT / Total revenues and other income (ROS)	4.8%	4.9%	4.0%	3.6%	3.3%
EAT Adjusted attributable to the Group/ Total revenues and other inc.	3.4%	3.5%	2.7%	2.3%	2.0%

Market Data

Listing Market	Euronext – Star	Euronext Star	Euronext Star	Euronext Star	Euronext Star
Quotation (Eu as at 31/10 each year)	109.7	169.6	80.5	39.9	24.0
Dividend per Share (Eu) ⁽⁴⁾	0.90	0.85	0 ⁽³⁾	0.63	0.60
Overall Dividend (Eu mn) ⁽⁵⁾	13.9	13.2	0 ⁽²⁾	9.8	9.3
Pay Out Ratio ⁽⁶⁾	17.7%	25.2%	0 ⁽³⁾	33.3%	34.6%
Shares Issued (in millions)	15.49	15.49	15.49	15.49	15.49
Capitalisation (Eu mn) as at 31/10	1,699.8	2627.9	1,247.3	618.2	371.9
Market to Book Value ⁽⁷⁾	4.8	9.1	4.6	2.6	1.7
Dividend Yield (on 30/04 quotation) ⁽⁸⁾	0.8%	0.5%	0 ⁽³⁾	1.6%	2.5%
Earnings per share (basic) ⁽⁹⁾	2.51	2.06	2.46	1.90	1.74
Earnings per share (diluted) ⁽¹⁰⁾	2.50	2.05	2.45	1.89	1.73

(1) Adjusted operating profit before amortisation of client lists and know-how recognised as a result of the Purchase Price Allocation (PPA) process. Adjusted net profit attributable to the Group before amortisation of client lists and know-how recognised as a result of the PPA process, net of related tax effect. (2) Net Financial Position not including non-interest bearing payables and commitments for deferred payments of corporate acquisitions (Earn Out, Put Option, deferred prices) and liabilities recognised in application of IFRS 16. (3) The Shareholders' Meeting of Sesa SpA of August 28, 2020 resolved not to distribute dividends considering the pandemic emergency. (4) Dividends paid in the following year from the profit for the year as at 30 April of each year. (5) Dividends gross of the portion relating to treasury shares. (6) Dividends before the share relating to treasury shares / Consolidated Net Profit attributable to shareholders. (7) Capitalisation based on share price as at 31 October each year / Consolidated Shareholders' Equity. (8) Dividend per share / Market value per share as at April 30 each year. (9) Net profit attributable to the Group / average number of ordinary shares net of treasury shares held (10) Net profit attributable to the Group / average number of ordinary shares net of treasury shares in portfolio and including the impact of stock grants (up to the limit of treasury shares in portfolio).

Sesa Group Business Model

Sesa SpA, headquartered in Empoli (FI), is active throughout Italy and present in a number of foreign countries including Germany, Switzerland, Austria, France, Spain, Romania, China and Mexico. Sesa Group represents the reference operator in Italy in the sector of technological innovation and digital services for the business segment with more than 4,400 resources

The Sesa Group's mission is to offer technology solutions, digital services and business applications to enterprises and organisations by supporting them in their innovation journey.

Thanks to the skills and specialisation of its human resources, the Sesa Group operates in the value-added

segments of Information Technology, with an organisational model in vertical business sectors and business lines. The Business Sectors (VAD, SSI, Business Services) have a strong focus on the target market with dedicated marketing and sales structures.

Within each of the Sectors, vertical business lines are developed with specialised technical and commercial structures for market segments and areas of expertise. The Group is organized into 4 operating segments: Corporate, Value Added Distribution (VAD), Software and System Integration (SSI) and Business Services (BS).



CORPORATE SECTOR

The **Corporate Sector** deals with the strategic governance and operational, financial, and human capital management of the Group. In particular, the parent company Sesa SpA, in addition to acting as the Group's operational holding and management company, is responsible for the administrative and financial management, organisation, planning and control, human resources management, general affairs, corporate information systems, legal and the Group extraordinary finance operations, with a total of about 140 resources.

VALUE ADDED DISTRIBUTION (VAD) SECTOR

The **Value-Added Distribution Sector** is active in the value-added distribution of technological innovation solutions for the business segment, focusing on the Enterprise Software Solutions, Data Centre, Device and Digital Workspace, Networking and Collaboration, and Digital Green segments. Computer Gross SpA, which consolidates the Sector, is a leader in Italy in the offer of Technological Innovation solutions with a customer set of about 20,000 active business partners in Italy and in the DACH Region. The Sector benefits from strategic partnerships with leading international Vendors and from the specialisation of its business units, equipped with teams with technical and digital skills.

Cloud & Security Software Solutions

The enterprise software offer includes solutions for storage, data management and data analysis, also in as-a-service mode and through cloud platforms, as well as solutions for data security and protection from cyber-attacks, which have been growing strongly in recent years.

Data Centre Solutions

The Data Centre offer includes on premise and cloud server and storage solutions for data processing, through a dedicated team and established expertise with leading international vendors in the industry.

Devices and Digital Workspace

Business Unit dedicated to digital workspace solutions and more generally to Unified Communication, Collaboration and digitisation of workstations, optimising audio and video functions in the most common contexts of use at professional and enterprise level.

Networking and Collaboration

Connectivity is one of the main technological pillars of any organisation, necessary to meet the growing need for interaction between people and objects. By partnering with leading international vendors, the networking and collaboration offering facilitates communication and collaboration within businesses and organisations, as well as ecosystems and communities.

Digital Green

A recently developed Business Unit dedicated to solutions for the production of energy from renewable sources and energy efficiency, which reduce the ecological footprint of organisations. The Business Unit, which achieved a strong acceleration in the financial year, was created following the acquisition of P.M. Service Srl, which entered the consolidation scope on May 1, 2022. P.M. Service Srl specialises in the engineering of renewable energy production plants (photovoltaic panels, inverters, storage systems, monitoring and IoT systems, wind power plants), with a customer set of around 2,000 business partners. This Business Unit also integrates the company Service Technology Srl, which offers reverse logistic services, management and reconditioning of IT products, regeneration and refurbishment of technology parks, with about 35,000 personal computers reconditioned in the year.

SOFTWARE AND SYSTEM INTEGRATION (SSI) SECTOR

The **Software and System Integration Sector** is active in offering Technological Innovation solutions, digital services and business applications for the SME and Enterprise segments. Var Group SpA, which consolidates the sector, is a reference operator in the digitalisation offer for the SME and Enterprise segments with a customer base of approximately 12,500 companies and an integrated offering in the following areas: Cloud Technology Services and Security Solutions, ERP and Industry Solutions, Digital Engineering, Customer and Business Experience, Data Science.

Cloud Technology Services and Security Solutions

The Business Unit offer includes integrated cloud infrastructure and security solutions to support the digital evolution of enterprises and organisations, with a complete range of solutions, technologies, and consulting. The organisation is distinguished by the expertise and specialisation in the Cyber Security sector of Yarix Srl, a Group company and leader in the Italian market, as well as the digital cloud solutions offered in private, public and hybrid modes.

ERP and Industry Solutions

Business Unit with a complete range of international ERPs, and national proprietary ERPs and Vertical Applications specialised for the Made in Italy districts (Sirio, Panthera, Essenza, Sigla++, as well as applications for the retail and mass distribution sector through the companies Di.Tech SpA and Sailing Srl). The ERP and Industry Solutions Business Unit is the sector's main operational area in terms of employment, with about 1,300 resources.

Data Science

Data analysis, artificial intelligence (AI) and predictive services aimed at the SME and Enterprise segments, with specialisation in the Retail and Manufacturing sectors, are becoming increasingly important in order to optimise business processes. The Business Unit operates through a team of about 50 human resources.

Customer and Business Experience

The Customer and Business Experience Business Unit, with about 300 human resources, is focused on the segment of strategic communication services, digital marketing, and e-commerce. Through integrated skills in technology, marketing, creativity, it develops solutions to support the growth path of digital business both in Italy and abroad, in particular and not only, in the Chinese digital markets through a team of 50 resources based in Shanghai.

Digital Engineering

The Business Unit is specialised in offering vertical solutions for mechanical and electronic production engineering, with additional competencies in Industry 4.0 and IoT. Thanks also to the recent acquisition of Cadlog Group Srl, it has consolidated a Pan-European player with around 150 resources covering the main European manufacturing countries (Italy, France, Spain, and Germany).

Digital Workspace

The Business Unit, dedicated to digital workspace and collaboration solutions, was developed in May 2022 thanks to the acquisition of control of Durante SpA, a

company based in Milan, specialized in solutions for hybrid workspaces and integration of multimedia systems. The Business Unit operates with an organization of about 150 specialized human resources throughout the country.

BUSINESS SERVICES SECTOR (BS)

The **Business Services Sector**, consolidated by the Base Digitale Group, is organised into 4 main vertical business lines and active in offering Security, Digital Platform, Business Process Management and Vertical Banking Applications for the Financial Services segment

Security Solutions

Business Unit ("BDS") is dedicated to physical and IT security solutions for the banking and retail market. Due to the recent merger of the Citel Srl and A Plus Srl companies, the Business Unit offers integrated security management services through digital platforms and the design of access control, attendance detection and building automation systems. The Business Unit has about 100 human resources operating in the country.

Digital Platform

The Business Unit ("BDP") Digital Platform brings together the digital skills and platforms supporting the operational processes of organisations and operators in the Financial Services sector. In particular, the Business Unit offers platforms for customer service, automation and digitisation of document and operational processes, with a total of around 110 resources.

Vertical Application

The Business Unit ("BDX") is dedicated to IT consultancy and the development of vertical ERP solutions for the banking sector, with a staff of about 150 and a research and development centre based in Parma.

Business Process Management

The Business Unit ("BDM") operates in the field of Business Process Outsourcing and Process Management on behalf of financial services sector, totalling about 200 resources.

Foreword

The numerical information included in this Interim Report on Operations and the comments contained therein are intended to provide an overview of the interim financial position and results of operations of the Sesa Group (referred to hereinafter also as the “Group”), of the relative changes during the reporting period, and of the significant events affecting the result for the period.

The Half-Year Financial Report as of 31 October 2022 of the Sesa Group (hereinafter also the “Half-Year Report”) was drawn up in accordance with Legislative Decree 58/1998 and subsequent amendments, as well as the Issuers’ Regulations issued by Consob (Italian Stock Exchange Regulator), and comprises the Interim Report on Operations, the Condensed Consolidated Half-Year Financial Statements and the Certification in accordance with art. 154-bis, paragraphs 2 and 3 of Legislative Decree 58/1998. This Half-Year Report was drawn up in compliance with International Financial Reporting Standards (“IFRS”) endorsed by the European Union and in force as of 31 October 2022, and particularly in observance of IAS 34 – Interim Financial Reporting.

The Interim Report on Operations includes the statement of financial position and the income statement in reclassified form, together with several alternative performance ratios. The aim is to allow a better evaluation of the Group’s financial performance and results of operations.

Within the scope of the Report on Operations, in addition to the financial figures required by IFRS, certain figures originating from the latter are also illustrated, despite not being required by the IFRSs (Non-GAAP Measures). These amounts are presented in order to allow a better assessment of the performance of the Group’s operations and should not be considered as alternatives to those envisaged by the IFRSs.

Alternative Performance Indicators

For a better assessment of the economic performance and financial position of the Group and its Sectors of activity, the management of Sesa SpA uses some alternative performance indicators that are not identified as accounting measures under IFRS. These indicators facilitate the identification of operational trends and support decisions about investments, allocation of resources and other operational decisions. Therefore, the measurement criteria applied by the Group may not be consistent with those adopted by other groups and therefore not comparable. These alternative performance indicators are made up exclusively from historical data of the Group and determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by Consob with communication no. 92543 of 3 December 2015. They refer only to the performance of the accounting period in question and of the comparison periods and not to the expected performance and must not be considered as substitutes for the indicators provided for by the reference accounting standards (IFRS). Finally, they have been prepared maintaining continuity and homogeneity of definition and representation for all periods for which financial information is included in this document.

In line with the abovementioned communications, the criteria used to construct these indicators are provided below.

- **Ebitda (Gross Operating Margin)** is defined as the profit for the period before depreciation and amortisation, provisions for bad debts, provisions for risks, notional costs relating to stock grant plans, financial income and expenses, profit (loss) of companies accounted for using the equity method, and taxes;

- **Adjusted Operating Result (Ebit)** defined as Ebitda net of amortisation and depreciation of tangible and intangible fixed assets (excluding amortisation and depreciation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation), provisions for bad debts, provisions for risks, notional costs relating to stock grant plans;
- **Operating Result (Ebit)** defined as Ebitda net of depreciation and amortisation, provisions for bad debts, provisions for risks, notional costs related to stock grant plans;
- **Adjusted Earnings Before Taxes** defined as earnings before tax before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation;
- **Adjusted net result** defined as net profit before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, net of the related tax effect;
- **Group's adjusted net result** defined as the Group's net profit before amortisation of client lists and know-how recorded in the Purchase Price Allocation of the companies acquired and included in the scope of consolidation, net of the related tax effect;
- **Net working capital** is the algebraic sum of inventories, trade receivables, other current assets, trade payables and other current liabilities;
- **Net invested capital** is the algebraic sum of non-current assets, net working capital and net non-current liabilities;
- **Net Financial Position (NFP)** is the sum of cash and cash equivalents, other current financial assets, and current and non-current loans;
- **Total Net Financial Position (NFP) Reported** is the algebraic sum of cash and cash equivalents, other current financial assets, current and non-current loans, current and non-current financial liabilities for rights of use, and payables and commitments for the purchase of equity investments from minority shareholders. It complies with the definition of Net Financial Debt as set forth in Consob Communication No. 6064293 of 28 July 2006 and in accordance with ESMA Recommendation/2013/319.
È conforme alla definizione di Indebitamento finanziario netto prevista dalla Delibera Consob n. DEM/6064293 del 28 luglio 2006 successivamente modificato dall'Orientamento ESMA 32-382-1138 del 4 marzo 2021 per mezzo del Richiamo di attenzione n. 5/21 della Consob;

Significant events during the period

In the first half of the new financial year Sesa Group continues its development trend with revenues and profitability up by 25%, above the long-term track record. For the six-months period ended October 31, 2022 Group's Revenues and Other Income were up by 26.5% Y/Y (CAGR revenues 2011-2022 +11.2%), with operating profitability (Ebitda) up by 27.5% Y/Y (CAGR Ebitda 2011-2022 +15.5%). The Group's adjusted net profit was equal to Euro 44.2 million, up by 23.5% Y/Y (CAGR EAT Adjusted 2011-2022 +19.5%). Positive trend continues also in terms of Group's Net Financial Position strengthening: Net Financial Position rising from a surplus of Euro 170.9 million as of October 31, 2021 to a surplus of Euro 189.5 million as of October 31, 2022, with an improvement of Euro 18.6 million driven by operating cash flow and a positive trend in net working capital.

The positive trend in revenues and consolidated profitability was favoured by the strategic positioning and investment on business segments enabling technological and digital innovation (security, business applications, digital green, cloud, digital platforms) that support the growing IT demand of organizations and enterprises. Group growth showed in the first half was mainly organic: contribution deriving from external growth equal to approximately 15% in terms of revenues and 33% in terms of profitability, compared to an average over 50% in last three years. Investments in people, skills and technological infrastructures were relevant in the period, forming the main strategic leverage of generating sustainable value in the medium-long term. Over 20 industrial bolt-on M&A closed since early 2022 referred to all operating sectors of the Group.

In the SSI Sector completed the acquisition of Durante SpA (a company specialized in the design and offer of Digital Workspace solutions, Collaboration and integration of multimedia), YoctoIT Srl (a player specialized in Cloud and Security services and solutions), Mediamente Srl (a consultancy company focused on data management and analytics) and Cyres Consulting Services GmbH (a consulting company based

in Munich, reference player in technical and compliance consultancy in cyber security for the automotive industry, with focus on the full supply chain).

The Business Services Sector, grown by 46.3% in the semester, benefited from skills and vertical platform acquisitions for the Financial Services segment, thanks to majority stake acquisition of Digital Voice Recording Italia Srl (a company operating in the design of robotization systems), Emmedi Srl (operating in the development of dematerialisation and process automation solutions for the banking world) and Ever Green Mobility Rent Srl (a company specialized in fleet management and sustainable mobility processes). In October 2022 Group have signed a strategic partnership with Banca Sella, a reference Italian player in banking sector, for the establishment of BDY Srl offering core banking software, BPO and application solutions.

In VAD sector Computer Gross SpA strengthened its market leadership thanks to the acquisition of Altinia Distribuzione Srl, a reference player in managed printing solutions with annual revenues for Euro 50 million. The agreement signed in December 2022 will be executed within April 2023.

HR development reaching 4,434 resources as of October 31, 2022, up by 19.4% compared to 3,714 resources as of October 31, 2021 and up by 44.2% compared to 3,073 resources as of October 31, 2020, leveraged by Group hiring programmes (566 resources hired in the period from January to October 2022, of which 50% under 30) and M&A bolt-on operations.

The Shareholders' Meeting of Sesa SpA held on August 25, 2022 approved the first Integrated Annual Report as of April 30, 2022 and the related proposal to distribute a dividend of Euro 0.90 per share, up with respect to Euro 0.85 of the previous year. The Shareholders' Meeting also resolved to renew the authorisation to purchase and dispose of own ordinary shares for a maximum value of the buyback plan, further implemented, of Euro 12 million.

Performance of operations

General economic trend

After the global economic acceleration reached in 2021, thanks to the exit from the health crisis and by the economic and monetary stimulus measures of governments, in the 2021-2023 period is expected an economic slowdown with a growth forecast that decline from 4.5% of 2021 to 1.7% of 2022 and then go back in 2023 to 2.7%, due to the impact of incremental prices trend of raw materials, energetic crisis and the return to restrictive monetary policies (source IMF - WEO, October 2022).

In Italy was achieved a strong recovery in 2021 (+6.6% Y/Y) after GDP reduction equal to 8.9% in 2020, thanks to the economic and monetary stimulus measures and to the progressive exit from the pandemic emergency.

In 2022 and 2023 is expected a progressive slowdown of GDP growth in line with other European countries with an increase in 2022 equal to +0.5% and to 0.6% in 2023.

On the projections for the development of the Italian economy can have positive effects the stimulus measures of the Next Generation EU programmes, aimed at promoting technological innovation, competitiveness, and digitisation 4.0 (source IMF - WEO, October 2022).

The table below represents the final results for 2017-2021 and the forecasts of GDP developments for the year 2022 and 2023 (source IMF - WEO, October 2022).

Final results and forecasts of GDP

Percentage values	Variation GDP 2017	Variation GDP 2018	Variation GDP 2019	Variation GDP 2020	Variation GDP 2021	Variation GDP 2022 (E)	Variation GDP 2023 (E)
World	+3.8%	+3.6%	+2.8%	-3.1%	+4.5%	+1.7%	+2.7%
Advanced Economies	+2.3%	+2.3%	+1.6%	-4.5%	+4.7%	+0.9%	+1.3%
Emerging Market	+4.8%	+4.5%	+3.6%	-2.1%	+4.3%	+2.5%	+3.9%
USA	+2.3%	+2.9%	+2.2%	-3.4%	+5.5%	+0.0%	+1.0%
Japan	+1.7%	+0.3%	+0.7%	-4.6%	+0.5%	+2.1%	+0.9%
China	+6.9%	+6.6%	+6.0%	+2.3%	+3.5%	+4.3%	+2.6%
Great Britain	+1.8%	+1.3%	+1.4%	-9.8%	+6.6%	+1.0%	+0.2%
Euro zone	+2.3%	+1.9%	+1.3%	-6.3%	+4.6%	+1.0%	+1.4%
Italy	+1.5%	+0.8%	+0.3%	-8.9%	+6.6%	+0.5%	+0.6%

Performance of the sector in which the Group operates

The Italian Information Technology (“IT”) market continues its own growth trend supported by annual average rates higher than those of pre-pandemic period. In 2021, IT demand reached a strong growth (+8.0%), with positive dynamics in all business segments, thanks to the boost of technological innovation in the management of businesses and organisations. The expectations of market growth in the period 2022-2024 remain positive. After a year 2022 with a deceleration of IT demand, anyway expected positive equal to +4.0% Y/Y, in 2023 and 2024 it is expected a recovery of the market acceleration (+4.9% in 2023 and +7.5% in 2024), supported among other things by the programmes of the National Recovery and Resilience Plan (“NRRP”), as well as by trend of Digital Enablers as cloud, security, analytics, cognitive-A.I. (Source: Sirmi, November 2022).

Management Services is the IT market segment showing growth rates greater (annual growth double digit), that includes services and solutions of digital transformation and system integration. The trend reflects the acceleration processes of digitalisation in all of compartments and the evolution of technology mode of use, as well as the progressive penetration of Cloud Computing solutions (Source: Sirmi, November 2022).

The following table represents the Italian IT market performance in the period 2018-2021 and the forecasts for the year 2022, 2023 and 2024 (Source: Sirmi, November 2022).

Italian IT market

<i>(Euro millions)</i>	2019	2020	2021	2022E	2023E	2024E	Var. 19/18	Var. 20/19	Var. 21/20	Var. 22/21	Var. 23/22	Var. 24/23
Hardware	6,172	6,266	6,770	6,499	6,227	6,138	2.4%	1.5%	8.1%	-4.0%	-4.2%	-1.4%
Software	3,861	3,792	3,922	3,999	4,121	4,261	0.4%	-1.8%	3.4%	2.0%	3.0%	3.4%
Project Services	3,588	3,640	3,854	4,003	4,135	4,336	2.5%	1.5%	5.9%	3.9%	3.3%	4.9%
Management	6,350	6,797	7,597	8,518	9,668	11,222	7.6%	7.0%	11.8%	11.0%	13.5%	16.1%
Total IT Market	19,971	20,496	22,143	23,019	24,151	25,957	3.6%	2.6%	8.0%	4.0%	4.9%	7.5%
Cloud Computing	2,830	3,409	4,240	5,259	6,583	8,282	23.0%	20.4%	24.4%	24.0%	25.2%	25.8%
Cloud (SaaS, PaaS, IaaS)	28.2%	33.9%	39.7%	50.1%	63.6%	79.6%						

Economic highlights of Sesa Group

The reclassified consolidated income statement (in Euro thousands) for the period ended 31 October 2022 is provided below and compared with the corresponding comparative period ended 31 October 2021. In addition to the financial quantities envisaged by IFRS, some alternative performance indicators deriving from the latter are illustrated, presented in order to allow a better valuation of trend of Group management performance and therefore must not be considered substitutes for those envisaged by the IFRS.

Reclassified profit and loss account	31/10/2022 (6 months)	%	31/10/2021 (6 months)	%	Variation 2022/21
Revenues	1,298,771		1,024,779		26.7%
Other income	12,965		11,921		8.8%
Total Revenues and Other Income	1,311,736	100.0%	1,036,700	100.0%	26.5%
Purchase of goods	(988,164)	75.3%	(781,840)	75.4%	26.4%
Costs for services and rent, leasing, and similar costs	(117,072)	8.9%	(88,261)	8.5%	32.6%
Personnel costs	(109,119)	8.3%	(90,781)	8.8%	20.2%
Other operating charges	(3,994)	0.3%	(2,546)	0.2%	56.9%
Total Purchase of goods and Operating Costs	(1,218,349)	92.9%	(963,428)	92.9%	26.5%
Ebitda	93,387	7.12%	73,272	7.07%	27.5%
Amortisation and depreciation of tangible and intangible assets	(16,748)		(13,847)		21.0%
Accruals and other non-monetary costs	(6,269)		(3,242)		93.4%
Adjusted Ebit⁽¹¹⁾	70,370	5.4%	56,183	5.4%	25.3%
Amortisation client lists and technological know-how (PPA)	(7,715)		(5,651)		36.5%
Ebit	62,655	4.8%	50,532	4.9%	24.0%
Net financial income and charges	(3,894)		(3,206)		21.5%
Ebt	58,761	4.5%	47,326	4.6%	24.2%
Income taxes	(17,628)		(13,358)		32.0%
Net Profit	41,133	3.1%	33,968	3.3%	21.1%
Net profit attributable to the Group	38,748	2.9%	31,811	3.1%	21.8%
<i>Net profit attributable to non-controlling interests</i>	<i>2,385</i>		<i>2,157</i>		<i>10.6%</i>
Adjusted Ebt⁽¹¹⁾	66,476	5.1%	52,977	5.1%	25.5%
Adjusted Net Profit⁽¹¹⁾	46,625	3.6%	37,990	3.7%	22.7%
Adjusted Net Profit attributable to the Group⁽¹¹⁾	44,240	3.4%	35,833	3.5%	23.5%

⁽¹¹⁾ Adjusted Ebit and Adjusted Ebt before amortisation and depreciation of intangible assets (Client lists and Know-how) recorded following the Purchase Price Allocation (PPA). Adjusted Net profit and Adjusted Net profit attributable to the Group before amortisation of intangible assets (Client lists and Know-how) recorded following the Purchase Price Allocation (PPA), net of tax effect.

The consolidated Revenues and Other income as of 31 October 2022 is equal to Euro 1,311.7 million growing by +26.5% Y/Y, thanks to the contribution of each Group segment:

- VAD sector achieving Revenues and Other Income equal to Euro 1,014.8 million (+26.6% Y/Y), driven by the development of Digital Green, Networking and Collaboration, Security and Enterprise Software business units;
- SSI Sector achieving Revenues and Other Income equal to Euro 302.8 million (+20.8% Y/Y), thanks to the development of the main operating business units;
- Business Services Sector achieving Revenues and Other Income equal to Euro 39.7 million (+46.3% Y/Y), driven by the contribution of the Digital Platforms and Vertical Applications business units.

The consolidated Ebitda equal to Euro 93.4 million as of 31 October 2022 grows by +27.5% Y/Y, with an Ebitda margin equal to 7.12% compared to 7.07% as of 31 October 2021 thanks to the revenues growth in the areas with value added of business. All Group reference sectors contributed to the consolidated Ebitda result, with a contribution of external leverage (M&A) equal to 33% of total growth:

- VAD sector achieved an Ebitda of Euro 50.7 million (+39.2% Y/Y, Ebitda margin 5.0% vs 4.5% as of 31 October 2021 and 4.9% in FY 2022)
- SSI sector achieved an Ebitda of Euro 37.2 million (+16.6% Y/Y, Ebitda margin 12.3% vs 12.7% as of 31 October 2021 and 11.9% in FY 2022);
- Business Services sector achieved an Ebitda of Euro 3.5 million (+11.1% Y/Y, Ebitda margin 8.8% vs 11.6% as of 31 October 2021 and 9.7% in FY 2022), that reflects the investments in the period under review related to the development of digital platforms and application solutions towards customers.

Group consolidated Operating Result Adjusted (Ebit) is equal to Euro 70.4 million with an increase of 25.3% Y/Y, after amortisations and depreciations of Euro 16.7 million (+21.0% Y/Y) and provisions and other non-monetary costs of Euro 6.3 million (+93.4% Y/Y). The provisions equal to Euro 1.1 million reflect non-recurrent costs related to the tax claims, prudentially defined on voluntary basis as of date of half year financial report release.

Group consolidated Operating Result (Ebit) is equal to Euro 62.7 million, up by 24.0% Y/Y, after amortisations of intangible assets for customer lists and know-how recorded following PPA process for Euro 7.7 million (+36.5% Y/Y following the consistent investments in M&A made in the last 12 months).

The consolidated Adjusted Earnings before taxes is equal to Euro 66.5 million increased by 25.5% Y/Y. The consolidated Earnings before taxes as of 31 October 2022 is equal to Euro 58.8 million, increased by 24.2% Y/Y, after net financial charges of Euro 3.9 million grown compared to Euro 3.2 million as of 31 October 2021 mainly for greater financial charges related to the Group revenues development and for euribor rates variation.

The Consolidated Adjusted Net profit (gross of amortisation of intangible assets Client Lists and Know-how and net of the related tax effect) increased by 22.7% Y/Y, achieving Euro 46.6 million as of 31 October 2022. Group consolidated net profit Adjusted as of 31 October 2022 is equal to Euro 44.2 million (Group EAT Adjusted margin 3.4%), up by 23.5% Y/Y compared to Euro 35.8 million as of 31 October 2021 (Group EAT Adjusted margin 3.5%).

Highlights of the Group's income statement and balance sheet

The reclassified balance sheet (in Euro thousands) for the period ended 31 October 2022 is provided below and compared with the comparative period of the previous year ended 30 April 2022, the figures for the period ended 31 October 2021 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2022	31/10/2021	30/04/2022
Intangible assets	282,066	179,019	228,280
Property, plant and equipment (rights of use included)	119,041	100,348	111,943
Investments valued at equity	15,832	12,893	14,593
Other non-current assets and deferred tax assets	34,242	28,595	32,855
Total non-current assets	451,181	320,855	387,671
Inventories	165,984	119,060	144,034
Current trade receivables	441,175	328,651	434,579
Other current assets	131,575	70,867	90,775
Current assets	738,734	518,578	669,388
Payables to suppliers	537,065	359,133	525,879
Other current payables	181,358	135,375	176,031
Short-term operating liabilities	718,423	494,508	701,910
Net working capital	20,311	24,070	(32,522)
Non-current provisions and other tax liabilities	81,237	49,070	67,573
Employee benefits	48,607	42,800	44,379
Non-current net liabilities	129,844	91,870	111,952
Net Invested Capital	341,648	253,055	243,197
Shareholders' Equity	352,144	286,627	335,159
Liquidity and other financial assets	(445,238)	(400,657)	(498,905)
Current and non-current loans	255,748	229,789	253,613
Net Financial Position	(189,490)	(170,868)	(245,292)
Financial liabilities for rights of use under IFRS 16	45,124	41,297	44,933
Liabilities to minority shareholder for equity investments ⁽¹²⁾	133,870	95,999	108,397
Total Net Financial Position Reported	(10,496)	(33,572)	(91,962)

⁽¹²⁾ Non-interest bearing payables and commitments to minority shareholders for the purchase of company shareholdings (deferred prices, Earn Out, Put Option),

The balance sheet shows an increase in net invested capital, which pass from Euro 253.1 million as of 31 October 2021 to Euro 341.6 million as of 31 October 2022, mainly as a result of:

- the increase of non-current assets, rising from Euro 320.9 million as of 31 October 2021 to Euro 451.2 million as of 31 October 2022, generated mainly by investments in corporate acquisitions
- additional reduction of net invested capital equal to Euro 20.3 million as of 31 October 2022 compared to Euro 24.1 million as of 31 October 2021, thanks to improved efficiency in the management of working capital and the progressive adoption of as-a-service and cloud supply models.

Regarding to sources of financing, the following is worth noting:

- an additional improvement of Net Financial Position equal to positive balance (net liquidity) of Euro 189.5 million as of 31 October 2022, compared to a positive balance equal to Euro 170.9 million as of 31 October 2021 thanks to a cash flow from operations net of investments of the period. The Net Financial Position Reported as of 31 October 2022 is equal to positive balance for Euro 10.5 million (Euro 33.6 as of 31 October 2021) and reflects the variation of Net Financial Position net of Liabilities and commitments to minority shareholders for M&A transactions equal to Euro 133.9 million as of 31 October 2022, increased compared to Euro 96.0 million as of 31 October 2021 thanks to the acceleration of the corporate acquisitions
- the increase of Consolidated Shareholders' equity equal to Euro 352.1 million as of 31 October 2022, compared to Euro 286.6 million as of 31 October 2021, thanks to the profits generated in the period.

Net Financial Position	31/10/2022	31/10/2021	30/04/2022
Liquidity	(436,428)	(399,555)	(496,311)
Current financial receivables and short-term securities	(8,810)	(1,102)	(2,594)
Current loans	103,035	105,468	130,054
Short-term net financial position	(342,203)	(295,189)	(368,851)
Non-current loans	152,713	124,321	123,559
Non-current net financial position	152,713	124,321	123,559
Net Financial Position	(189,490)	(170,868)	(245,292)
Financial liabilities for rights of use under IFRS 16	45,124	41,297	44,933
Liabilities to minority shareholders forequity investments	133,870	95,999	108,397
Total Net Financial Position Reported	(10,496)	(33,572)	(91,962)

The Net Financial Position as of 31 October 2022 is equal to positive balance (net liquidity) for Euro 189.5 million improving compared to Euro 170.9 million as of 31 October 2021, thanks to operating cash flow of last 12 months that is approximately 150 million, net of M&A investments and technological infrastructure around 120 million. Consolidated Net Financial Position Reported as of 31 October 2022 is active (net liquidity) for Euro 10.5 million, calculated as of net of IFRS Liabilities for Euro 179.0 million mainly consisting of deferred payments of company acquisitions and liabilities to minority shareholders for M&As increasing for Euro 41.7 million compared to 31 October 2021.

The variation of the Total Net Financial Position as of 31 October 2022 compared to the amount as of 30 April 2022 with a decrease equal to Euro 81.5 million reflects both business seasonality and consequently higher absorption of net working capital each year as of 31 October compared to 30 April, and investments realised in half year, mainly related to the acquisitions and infrastructures for business development.

Results of the VAD Sector

The Value Added Distribution (VAD) Sector active in the provision of value-added technology solutions in the first half year achieved a growth in Revenues and Other income of 26.6%, an increase of Ebitda of 39.2% (Ebitda margin of 5.0% compared to 4.5% Y/Y) and net profit after tax of 40.0%. The growth achieved in the first half year is entirely organic and reflects the results of investments made in previous fiscal year and mainly the positive trend of Business Units Digital Green, Networking e Collaboration, Security and Enterprise Software. Below is provided a income statement of VAD Sector (in Euro thousands) as of 31 October 2022, compared with the comparative period of the previous year ended 31 October 2021.

VAD Sector (Euro thousands)	31 October		2021	%	Variation
	2022	%			
Third-party revenues	967,802		755,842		28.0%
Inter-sector revenues	40,602		39,297		3.3%
Total Revenues	1,008,404		795,139		26.8%
Other income	6,380		6,249		2.1%
Total revenues and other income	1,014,784	100.0%	801,388	100.0%	26.6%
Cost for purchasing products	(924,156)	-91.1%	(734,325)	-91.6%	25.9%
Gross commercial margin	90,628	8.9%	67,063	8.4%	35.1%
Costs for services and for rent, leasing, and similar costs	(26,063)	-2.6%	(19,964)	-2.5%	30.5%
Personnel costs	(12,855)	-1.3%	(9,460)	-1.2%	35.9%
Other charges	(1,029)	-0.1%	(1,235)	-0.2%	-16.7%
Ebitda	50,681	4.99%	36,404	4.54%	39.2%
Amortisation/depreciation, provisions and other non-monetary costs	(5,132)	-0.5%	(3,621)		41.7%
Operating result (Ebit)	45,549	4.5%	32,783	4.1%	38.9%
Net financial income and expenses	(2,682)	-0.3%	(1,929)		39.0%
Profit before taxes	42,867	4.2%	30,854	3.9%	38.9%
Income Taxes	(11,277)	-1.1%	(8,293)		36.0%
Net result for the period	31,590	3.1%	22,561	2.8%	40.0%
Net Result attributable to non-controlling interests	563		296		90.2%
Net Result attributable to the Group	31,027		22,265		39.4%
Adjusted Net Result attributable to the Group	31,598		22,558		40.1%

Total revenues and other income, equal to Euro 1.014.8 million as of 31 October 2022, grows by 26.6% compared to 31 October 2021. Revenue growth benefits from the strategy of focusing on value-added business areas in the market and the expansion of the solutions offered to customers.

The Ebitda result in the period under review is equal to Euro 50.7 million (Ebitda margin 5.0%), significantly increasing (+39.2%) compared to Euro 36.4 million (Ebitda margin 4.5%) as of 31 October 2021, thanks to the development of Gross Margin and to the sales revenue.

Net profit for the period amounted to Euro 31.6 million, with an increase of 40.0% compared to Euro 22.6 million as of 31 October 2021, thanks to the positive evolution of operating profitability, after amortisations, depreciations and provisions for Euro 5.1 million, net financial charges for Euro 2.7 million and income taxes of period for Euro 11.3 million.

Below is provided a balance sheet of VAD Sector (in Euro thousands) as of 31 October 2022 compared with the comparative period of the previous year ended 31 October 2021. Together with the comparative figures for the year ended 30 April 2022, the figures for the period ended 31 October 2021 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2022	31/10/2021	30/04/2022
Intangible fixed assets	29,041	16,943	26,380
Tangible fixed assets (right of use)	49,941	45,210	48,625
Investments carried at equity	11,408	10,140	10,953
Other non-current receivables and assets and deferred tax assets	9,126	10,004	9,322
Total non-current assets	99,516	82,297	95,280
Inventories	133,368	91,381	119,601
Trade receivables	303,139	223,722	289,826
Other current assets	49,070	23,081	34,449
Current assets for the year	485,577	338,184	443,876
Trade payables	417,548	278,255	420,799
Other current payables	49,359	31,675	33,554
Short-term liabilities for the year	466,907	309,930	454,353
Net working capital	18,670	28,254	(10,477)
Provisions and other non-current tax liabilities	11,663	7,910	11,432
Employee benefits	3,141	2,896	3,141
Net non-current liabilities	14,804	10,806	14,573
Net Invested Capital	103,382	99,745	70,230
Shareholders' Equity	282,051	238,685	273,625
Liquidity and other financial assets	(284,690)	(261,301)	(337,282)
Current and non-current financial debt	74,254	94,279	99,019
Net Financial Position	(210,436)	(167,022)	(238,263)
Financial liabilities rights of use IFRS 16	21,283	19,500	21,335
Liabilities to minority shareholders for equity investments	10,484	8,582	12,519
Net Financial Position Reported	(178,669)	(138,940)	(204,409)

Thanks to the reduction in Net Working Capital and current cash generation, the Net Financial Position significantly improved from a positive balance of Euro 167.0 million as of 31 October 2021 to a positive balance of Euro 210.4 million as of 31 October 2022.

Shareholders' Equity further strengthened during the period under review, reaching a total of Euro 282.1 million as of 31 October 2022 compared to Euro 238.7 million as of 31 October 2021.

Results of the SSI sector

The Software and System Integration (SSI) Sector, which offers software solutions, technological innovation and digital transformation for the SME and Enterprise segments, increased revenues and other income by 20.8%, EBITDA by 16.6% (EBITDA margin 12.3% compared to 11.9% Y/Y). In the first half year as of 31 October 2022 the growth is favored by external leverage thanks to the M&A operations bolt-on realised in the last 12 months that contributed approximately of 50% in terms of revenues and to over two thirds for Ebitda increase. The main development operations made in the period is reported the acquisition of control of Durante SpA (company specialised in design and offer Digital Workspace, Collaboration and integration of multimedia systems solutions), YoctoIT Srl (player specialised to the offer of Cloud and Security services and solutions), Mediamente Srl (company specialised in Data Science solutions and analysis of company data) and Cyres Consulting Services GmbH (operator located in Munich and specialised in technical consultancy and compliance about cyber security). The first half year results benefited also of the expansion of Consolidation perimeter of companies Adacto SpA, operating in the Business Unit Customer & Business Experience, Datef SpA, active in the Business Unit Smart Services, and NGS Srl, operating in the Business Unit Digital Security. Below is provided the income statement of SSI Sector reclassified (in Euro thousands) as of 31 October 2022, compared with the previous period as of 31 October 2021.

SSI Sector (Euro thousands)	31 October				
	2022	%	2021	%	Variation
Third-party revenues	293,145		241,903		21.2%
Inter-sector revenues	2,562		2,396		6.9%
Total Revenues	295,707		244,299		21.0%
Other income	7,125		6,318		12.8%
Total revenues and other income	302,832	100.0%	250,617	100.0%	20.8%
Costs for purchasing products	(98,282)	-32.5%	(81,373)	-32.5%	20.8%
Costs for services and for rent, leasing, and similar costs	(85,212)	-28.1%	(69,046)	-27.6%	23.4%
Personnel costs	(79,373)	-26.2%	(67,142)	-26.8%	18.2%
Other operating charges	(2,731)	-0.9%	(1,134)	-0.5%	140.8%
Ebitda	37,234	12.3%	31,922	12.7%	16.6%
Amortisation/depreciation, provisions and other non-monetary costs	(19,897)		(14,981)		32.8%
Operating result (Ebit)	17,337	5.7%	16,941	6.8%	2.3%
Net financial income and expenses	(776)		(1,073)		-27.7%
Result gross of taxes	16,561	5.5%	15,868	6.3%	4.4%
Income Taxes	(5,323)		(4,701)		13.2%
Net result for the period	11,238	3.7%	11,167	4.5%	0.6%
Net result attributable to non-controlling interests	1,845		1,766		4.5%
Net result attributable to the Group	9,393		9,401		-0.1%
Adjusted Net Result attributable to the Group	13,165		12,379		6.3%

The total Revenues and other income as of 31 October 2022 is equal to Euro 302.8 million with a growth of 20.8% Y/Y, while Ebitda achieves an amount equal to Euro 37.2 million, up by 16.6% Y/Y (Ebitda margin 12.3% compared to 12.7% as of 31 October 2021 and 11.9% of FY2022). The operating profitability increase is mainly due to the development of sales revenue of the main Business Units, especially in Digital Security, Smart Services, Business & Customer Experience and Digital Workspace segments, the latter recently established after control acquisition of Durante SpA. Net profit of the Sector as of 31 October 2022 is equal to 11.2 million (+0.6% Y/Y) and reflects the operating profitability trend after amortisations, depreciations and provisions for Euro 19.9 million, growing by 32.8% Y/Y thanks to M&A operations realised

during last 12 months. The amortisations, depreciations and provisions include non-recurrent costs equal to Euro 1.1 million related to the tax claims, prudentially defined on the voluntary basis at release date of half year financial report. The Adjusted Net Result of the Group is equal to Euro 13.2 million, gross of amortisation of intangible assets (client lists and know-how) recorded following the PPA process, growing by 6.3% compared to Euro 12.4 million as of 31 October 2021.

The reclassified balance sheet of the SSI Sector (in Euro thousands) as of 31 October 2022 is provided below. Together with the comparative figures for the year ended 30 April 2022, the figures for the period ended 31 October 2021 are also included, in order to provide a better analysis of the balance sheet, in consideration of the seasonality that typically characterises sales revenues during the year.

Reclassified Balance Sheet	31/10/2022	31/10/2021	30/04/2022
Intangible assets	188,334	126,427	156,158
Property, plant and equipment (rights of use included)	56,964	47,790	54,466
Investments carried at equity	4,620	2,934	3,691
Other non-current receivables and assets and deferred tax assets	15,120	12,315	13,322
Total non-current assets	265,038	189,466	227,637
Inventories	30,276	26,069	22,259
Trade receivables	147,685	123,653	159,176
Other current assets	59,244	43,916	53,596
Current assets for the period	237,205	193,638	235,031
Trade payables	130,686	111,254	131,758
Other current payables	101,531	85,518	121,979
Short-term liabilities for the period	232,217	196,772	253,737
Net working capital	4,988	(3,134)	(18,706)
Provisions and other non-current tax liabilities	51,100	31,589	43,224
Employee benefits	38,380	34,361	34,293
Net non-current liabilities	89,480	65,950	77,517
Net Invested Capital	180,546	120,382	131,414
Shareholders' Equity	40,236	20,775	35,611
Liquidity and other financial assets	(123,920)	(113,241)	(141,999)
Current and non-current loans	145,423	122,800	141,555
Net Financial Position (Net Liquidity)	21,503	9,559	(444)
Financial liabilities for rights of use under IFRS 16	18,882	16,620	18,548
Liabilities to minority shareholders for equity investments	99,925	73,428	77,699
Total Net Financial Position Reported	140,310	99,607	95,803

The Net Financial Position as of 31 October 2022 is negative for Euro 21.5 million, higher compared to Euro 9.6 million as of 31 October 2021 and reflects mainly the technology and M&A investments realised during last 12 months net of the generation of operating cash flow.

The Shareholders' equity is equal to Euro 40.2 million increasing compared to Euro 20.8 million as of 31 October 2021 thanks to profits of the period

Results of the Business Services sector

The Business Services Sector, which offers business process outsourcing, security, digital platform services to the finance and large enterprise segments and vertical banking application for segment of Financial Services, accelerated its growth path benefiting of skills acquisitions and vertical platform for Financial Services segment. As of 31 October 2022 Business Services Sector achieve revenues for Euro 39.7 million growing by 46.3% and Ebitda equal to Euro 3.5 million up by 11.1% Y/Y (Ebitda margine qual to 8.8% compared to 11.6% as of 31 October 2021 and to 9.7% of FY22).

The results as of 31 October 2022 reflect especially the start of Business Unit Vertical Application, specialised in IT consultancy and in development of software platform for financial services market, and the development operations realised in the first quarter of new fiscal year in the Business Unit Digital Platform with the acquisition of 72% of Digital Voice Recording Italia Srl ("DVR"), of 51% of Emmedi Srl and of 52% of Ever Green Mobility Rent Srl, companies dedicated to the development of digital platform and process automation for Financial Services segment. Below is provided the income statement of Business Services Sector riclassified (in Euro thousands) as of 31 October 2022, compared with the previous period as of 31 October 2021.

Business Services Sector <i>(Euro thousands)</i>	31 October				Variation
	2022	%	2021	%	
Third-party revenues	37,325		26,393		41.4%
Inter-sector revenues	1,442		398		262.3%
Total Revenues	38,767		26,791		44.7%
Other income	941		343		174.3%
Total revenues and other income	39,708	100.0%	27,134	100.0%	46.3%
Costs for purchasing products	(5,455)	-13.7%	(2,255)	-8.3%	141.9%
Costs for services and for rent, leasing, and similar costs	(17,201)	-43.3%	(11,905)	-43.9%	44.5%
Personnel costs	(13,335)	-33.6%	(9,711)	-35.8%	37.3%
Other operating charges	(205)	-0.5%	(102)	-0.4%	101.0%
Ebitda	3,512	8.84%	3,161	11.65%	11.1%
Amortisation/depreciation, provisions and other non-monetary costs	(3,207)		(2,478)		29.4%
Operating result (Ebit)	305	0.8%	683	2.5%	-55.3%
Net financial income and expenses	(406)		(192)		111.5%
Result gross of taxes	(102)	-0.3%	491	1.8%	-120.8%
Income Taxes	(452)		(38)		1089.5%
Net result for the period	(554)	-1.4%	453	1.7%	-222.3%
Net result attributable to non-controlling interests	144		95		51.6%
Net result attributable to the Group	(698)		358		-295.0%
Adjusted Net Result attributable to the Group	452		1,110		-59.3%

In the period in question Sesa Group achieves Revenues and other income equal to Euro 39.7 million (+46.3% Y/Y) favored by contribution of Business Unit Vertical Banking Application, in the consolidation perimeter in the last quarter of previous fiscal year as well as by the acquisitions of companies during first half year referred to the Business Unit Digital Platform.

The Net profit of the period as of 31 October 2022 is negative equal to Euro 554 thousands, influenced by amortisations, depreciations and provisions for Euro 3.2 million, of which Euro 1.6 million amortisations of customer lists and know how recorded following the equity acquisition realised in the last 12 months. The Net Result Adjusted, gross of amortisations of intangible assets (Customer lists and Know how) recorded following PPA process, is positive equal to Euro 452 thousands

compared to Euro 1,110 thousands as of 31 October 2021.

The reclassified balance sheet of the Business Services Sector (in Euro thousands) as of 31 October 2022 is provided below. Together with the comparative figures for the year ended 30 April 2022, the figures for the period ended 31 October 2021 are also included, in order to provide a better analysis of the balance sheet.

Reclassified balance sheet	31/10/2022	31/10/2021	30/04/2022
Intangible assets	64,816	33,855	43,941
Property, plant and equipment (rights of use included)	11,517	6,318	8,183
Investments carried at equity	129		130
Other non-current receivables and assets and deferred tax assets	4,047	1,429	3,830
Total non-current assets	80,509	41,602	56,084
Inventories	2,748	1,907	2,413
Trade receivables	24,251	14,894	22,457
Other current assets	21,539	3,360	4,277
Current assets for the period	48,538	20,161	29,147
Trade payables	29,312	12,597	14,541
Other current payables	23,699	8,433	17,035
Short-term liabilities for the period	53,011	21,030	31,576
Net working capital	(4,473)	(869)	(2,429)
Provisions and other non-current tax liabilities	18,686	9,224	12,537
Employee benefits	4,948	3,169	5,024
Net non-current liabilities	23,634	12,393	17,561
Net Invested Capital	52,402	28,340	36,094
Shareholders' Equity	18,091	16,576	16,250
Liquidity and other financial assets	(34,655)	(19,598)	(16,069)
Current and non-current loans	36,061	12,571	12,997
Net Financial Position (Net Liquidity)	1,406	(7,027)	(3,072)
Financial liabilities for rights of use under IFRS 16	4,704	4,857	4,782
Liabilities to minority shareholders for equity investments	23,416	13,934	18,134
Total Net Financial Position Reported	29,526	11,764	19,844

The Net Financial Position as of 31 October 2022 is passive for Euro 1,406 thousand growing compared to a positive balance equal to Euro 7,027 thousands as of 31 October 2021 mainly due to equity investments realised during 12 months net of generation of operating cash flow.

Results of the Corporate sector

The Corporate Sector, operating in strategic governance and the provision of administration, finance, control, human resource and management of IT systems and platforms services to the Group. Below is provided the income statement of Corporate Sector reclassified (in Euro thousands) as of 31 October 2022, compared with the previous period as of 31 October 2021.

Corporate Sector (Euro thousands)	31 October				
	2022	%	2021	%	Variation
Third-party revenues	499		641		-22.2%
Inter-sector revenues	6,470		9,051		-28.5%
Total Revenues	6,969		9,692		-28.1%
Other income	1,223		1,191		2.7%
Total revenues and other income	8,192	100.0%	10,883	100.0%	-24.7%
Costs for purchasing products	(35)	-0.4%	(109)	-1.0%	-67.9%
Costs for services and for rent, leasing, and similar costs	(2,373)	-29.0%	(4,303)	-39.5%	-44.9%
Personnel costs	(3,560)	-43.5%	(4,516)	-41.5%	-21.2%
Other operating charges	(91)	-1.1%	(170)	-1.6%	-46.5%
Ebitda	2,133	26.0%	1,785	16.4%	19.5%
Amortisation/depreciation, provisions and other non-monetary costs	(2,496)		(1,660)		50.4%
Operating result (Ebit)	(363)	-4.4%	125	1.1%	-390.4%
Net financial income and expenses	(29)		(12)		141.7%
Result gross of taxes	(392)	-4.8%	113	1.0%	-446.9%
Income Taxes	(625)		(326)		91.7%
Net result for the period	(1,017)	-12.4%	(213)	-2.0%	377.5%
Net result attributable to non-controlling interests			-		-
Net result attributable to the Group	(1,017)		(213)		377.5%
Adjusted Net Result attributable to the Group	(1,017)		(213)		377.5%

Total Revenues and other income of the Sector, equal to Euro 8,192 thousands, shows a decrease compared to previous period (-24.7 Y/Y) mainly due to the reallocation of logistic activities in the VAD Sector occurred from 30 April 2022. The business volume of Corporate Sector as of 31 October 2022, not considering the effect of change in the sector perimeter above explained, would be growing approximately for 14%, thanks to the development of the organisation, administration and financial management, planning and control, human resource management and IT consulting services supplied by Sesa SpA to the Group companies that during the period continued expanding the user companies.

Ebitda as of 31 October 2022 is equal to Euro 2,133 thousands up by 19.5% compared to Euro 1,785 thousands as of 31 October 2021 thanks to the development of perimeter of user companies. Amortisations, depreciations, provisions and other non-monetary growing by Euro 1,660 thousands as of 31 October 2021 to Euro 2,496 thousands as of 31 October 2022 reflect notional cost pertaining to the period related to the new 2021-2023 stock grant plan mainly related to the executive directors of the parent company.

After net financial charges equal to Euro 29 thousands and income taxes of the period for Euro 625 thousands the net result of the period of the Sector is negative for Euro 1,017 thousands as of 31 October 2022, compared to a negative result for Euro 213 thousands as of 31 October 2021.

The reclassified balance sheet of the Corporate Sector (in Euro thousands) as of 31 October 2022 is provided below. Together with the comparative figures for the year ended 30 April 2022, the figures for the period ended 31 October 2021 are also included, in order to provide a better analysis of the balance sheet.

Reclassified balance sheet	31/10/2022	31/10/2021	30/04/2022
Intangible assets	233	2,150	2,159
Property, plant and equipment (rights of use included)	619	1,030	678
Investments carried at equity	768	768	768
Other non-current receivables and assets and deferred tax assets	96,552	93,875	94,081
Total non-current assets	98,172	97,823	97,686
Inventories			
Trade receivables	11,826	12,428	6,796
Other current assets	5,799	963	709
Current assets for the period	17,625	13,391	7,505
Trade payables	9,007	2,779	3,158
Other current payables	7,651	10,654	4,561
Short-term liabilities for the period	16,658	13,433	7,719
Net working capital	967	(42)	(214)
Provisions and other non-current tax liabilities	28	587	620
Employee benefits	2,138	2,374	1,921
Net non-current liabilities	2,166	2,961	2,541
Net Invested Capital	96,973	94,820	94,931
Shareholders' Equity	98,646	100,823	98,131
Liquidity and other financial assets	(1,973)	(6,517)	(3,555)
Current and non-current loans	0	140	42
Net Financial Position (Net Liquidity)	(1,973)	(6,377)	(3,513)
Financial liabilities for rights of use under IFRS 16	255	320	268
Liabilities to minority shareholders for equity investments	45	54	45
Total Net Financial Position Reported	(1,673)	(6,003)	(3,200)

The Shareholders' Equity as of 31 October 2022 is equal to Euro 98.6 million compared to Euro 100.8 million as of 31 October 2021 for effect of the profit of the period and net to the dividend distribution made in September 2022.

The Net Financial Position is positive (net liquidity) and amounted to Euro 2.0 million, compared to Euro 6.4 million as of 31 October 2021, a reduction due to the dividend distribution for Euro 13.9 million (Euro 0.90 per share) made in September 2022 and for the investments made in the period in question.

Main risks and uncertainties to which the Group and Sesa S.p.A are exposed

The Sesa Group adopts specific procedures for the management of risk factors that may influence the Group's economic, equity and financial situation. These procedures are the result of company management based on the values of the Group's code of ethics (integrity, honesty, fairness, professionalism, business continuity and attention to people) focused on pursuing sustainable growth goals for stakeholders.

External risks

RISKS ASSOCIATED WITH THE MACROECONOMIC ENVIRONMENT AND THE IT MARKET

With reference to operating risks, these are attributable to the possible unfavourable trend of the external environment, characterised by general economic and IT sector conditions, which show a correlated trend and a weak growth trend. The ICT market is linked to the economic performance of industrialised countries, where demand for high-tech products is higher. An unfavourable economic development at national or international level could negatively influence the growth in demand for IT with consequent repercussions on the Group's activity and on its economic, equity and financial situation.

Despite the weak demand (macroeconomic context and IT market) recorded in recent years, increased by the spread of the Covid-19 pandemic and the consequent potential negative effect on business performance, the Group confirms its ability to grow by outperforming the reference market with a trend of sustainable development of revenues and profits.

The IT market is also characterised by a high degree of competition, with the Group facing national operators in addition to multinational competitors. If the Group is unable to generate added value from its own sales, competing with its main competitors, this could have a negative impact on the economic, equity and financial situation. The Group addresses this risk by expanding its value-added offering to customers, supplying competitive, efficient and innovative services.

Lastly, the IT market is subject to intense technological evolution and, as a result, to a constant transformation of the professional skills required. To achieve a competitive edge on the IT market, continuous development of skills and products is required, along with the strategic management of relations with international vendors. The Group carries out a continuous, major analysis of market trends and opportunities in order to anticipate the evolution of customer needs through the development of internal skills, the aggregation of external specialisations and investments in research and development.

GLOBAL IMPACT OF THE WAR IN UKRAINE

In compliance with ESMA recommendations, published on March 14, 2022, Sesa continues to oversee the Ukraine war impact on the financial markets and the sanctions adopted against Russia, undertaking where appropriate to:

- disclose as soon as possible any privileged information regarding the crisis impacts on fundamentals, prospects and financial situation, in line with the full transparency required by the Market Abuse Regulation, unless the conditions for delaying disclosure are met; and
- provide information, as far as possible on qualitative and quantitative basis, on the current and foreseeable direct and indirect effects of the crisis on business activities, exposures to affected markets, supply chains, financial situation and economic performance in financial reports, if not yet approved, and in the Annual Shareholders' Meeting or interim financial reports. The Group was not significantly affected by the Ukrainian war.

RISKS ASSOCIATED WITH THE COVID-19 PANDEMIC

The period ended as of October 31, 2022, was still affected by Covid-19 emergency, with a direct impact on companies, including Sesa Group, limiting their operations level. Although the emergency state, approved by the Italian Council of Ministers on January 31, 2020, and progressively extended, has ended on March 31, 2022, Sesa Group continued to monitoring activity aimed at assessing the real and potential effects of Covid-19 on activities, financial situation and economic performance.

Since the beginning of the pandemic emergency, Sesa Group has analyzed and monitored the implementation and application of the measures adopted in response to Covid-19 pandemic, in compliance with the provisions of the competent authorities.

Sesa Group continues to oversee the events evolution with extreme attention, in order to adopt, if necessary, promptly further mitigating measures.

ENVIRONMENTAL RISKS

Climate change is increasingly perceived as a challenge to be addressed immediately and - where possible - to be turned into an opportunity. As a result of climate change, companies are faced with a number of significant challenges: increased operating costs, asset impairment and reduced demand for goods and services. When assessing risks, therefore, it is necessary to analyse the geopolitical and market context in detail, with a thorough, organic and prompt risk assessment.

In June 2019, the "European Commission's new guidelines on reporting climate change related information" were published, with a list of risks for companies caused by climate change, divided into physical and transition risks.

Sesa can gain a competitive advantage by looking at the development of new technologies, and the development of energy efficient products and services. Lastly, to combat the threat of climate change, Sesa acts in parallel to mitigate the effects of climate change (actions aimed at the reduction of climate-changing gases) and adapt to the consequent impact (protection of its assets against the impacts of climate change).

Internal Risks

RISKS RELATED TO DEPENDENCE ON KEY PERSONNEL:

The Group's success, activity and development depend significantly on certain key managers, including the executive directors of Sesa SpA. The loss of one of these key figures without adequate replacement, as well as the inability to attract and retain qualified new resources, could have negative effects on the Group's economic and financial prospects and results. The Group addresses this risk by implementing loyalty strategies and long-term incentive plans based on medium-term equity-based remuneration plans. The management believes that Sesa SpA and the Group have an operational structure capable of ensuring continuity in the management of corporate affairs.

RISKS ASSOCIATED WITH CONCENTRATION AND DEPENDENCE ON DISTRIBUTION CONTRACTS AND THE ABILITY TO NEGOTIATE AND MAINTAIN DISTRIBUTION CONTRACTS WITH VENDORS OVER TIME

This risk factor is of importance for the main subsidiary of the Group, Computer Gross S.p.A., which is reference operator in value-added distribution and partner of the leading manufacturers of IT solutions for the Italian market. The main distribution contracts signed with the Vendors are entered into on a non-exclusive basis, have a short-term duration (usually one or two years), are tacitly renewed and are configured as strategic assets. The Group addresses this risk by offering vendors pre and after-sales services with qualified personnel and by gradually expanding the portfolio of the vendors,

increasingly diversifying the concentration of the brands distributed. It should be noted that the closing rates of distribution contracts have historically been close to zero, confirming the Group's ability to establish long-term strategic partnerships with its suppliers.

RISKS ASSOCIATED WITH FAILURE TO COMPLY WITH CONTRACTUAL AND COMPLIANCE COMMITMENTS

The Group offers IT solutions and services with a high technological content and enters into agreements that may envisage the application of penalties in relation to compliance with deadlines, performance (SLA) and quality standards which, if not met, could have a negative impact on its economic and financial situation. To mitigate this risk, the Group has adopted procedures for managing and monitoring the services provided and has taken out appropriate insurance policies.

In relation to compliance risks, the Group has adopted policies and procedures, including the adoption of the Compliance Model under Law 231/2001, for the parent company and its main subsidiaries, aimed at minimising compliance risks (particularly tax and legal risks).

Market risks

CREDIT RISK

The credit risk is represented by the exposure of Group companies to potential losses that may arise from the failure by customers to fulfil their obligations. The credit risk deriving from normal operation of Group companies with customers is monitored and hedged on an ongoing basis using information, customer assessment procedures and credit risk hedging instruments (insurance and factoring transactions without recourse). A specific provision for doubtful accounts is created and monitored on a regular basis. As stated in the "Risks associated with the Covid-19 pandemic" paragraph, the precautions already in place to control the credit risk were strengthened following the spread of the pandemic.

LIQUIDITY RISK

At certain times during the financial year, the ordinary operations of the Sesa Group companies generates a need for working capital and, consequently, financial exposure. The Group closed the consolidated financial statements as of October 31, 2022 with a net financial position (net liquidity) of Euro 189,490 thousand. At the end of the quarter, however, the Group supported a financial requirement generated by the seasonal nature of the business and by the increase in net working capital. The liquidity risk is hedged by regularly planning cash requirements and the relative financing through loans and credit lines mainly centralised in the Group's two main operating companies, Computer Gross SpA and Var Group SpA.

INTEREST RATE RISK

Exposure to the interest rate risk arises from the fact that Group companies perform a commercial activity characterised by a negative working capital cycle (calculated as the difference between short-term operating liabilities and short-term operating assets) at certain times of the year. This generates a pro-tempore financial exposure to the banking system due to the need to finance working capital requirements. These requirements are covered by floating rate loans and credit lines, the cost of which is subject to changes in interest rates.

As of October 31, 2022, the Group did not have any interest rate derivatives in place. In light of the current trend in interest rates and the moderate level of average annual indebtedness, the Group's risk management policy does not envisage the use of derivative contracts to hedge the interest rate risk. In relation to the Group's low level of indebtedness the sensitivity

analyses, aimed at assessing the impact of a potential fluctuation in interest rates on the Group's economic and financial situation, show insignificant results.

EXCHANGE RATE RISK

Group companies do not operate on foreign markets to a significant extent, essentially using the euro as the currency for the management of commercial and financial transactions. The purchase of goods and IT products in foreign currencies, mainly centralised at Computer Gross S.p.A., relates exclusively to the US dollar.

It should also be noted that there are no derivative transactions in foreign currencies, but forward currency purchase transactions to hedge the exchange rate risk relating to payables in foreign currencies to some suppliers. At October 31, 2022 there were 134 forward transactions in place, 99 of which had a positive fair value of Euro 1,078 thousand and 35 of which had a negative fair value of Euro 103 thousand. In relation to the Group's limited foreign exchange operations and the hedging activity of the risk itself, carried out through forward transactions, the Group reported insignificant results in the sensitivity analyses aimed at evaluating a hypothetical appreciation/depreciation of the Euro.

PRICE RISK

The Group does not hold any financial instruments or stocks listed on equity markets at October 31, 2022, with the exception of Sesa SpA's own shares deducted from shareholders' equity. With regard to the risk of inventory write-downs, the Group companies operating in the distribution and marketing of IT products monitor this management profile through regular surveys and analyses in relation to the possible existence of a risk of obsolescence of goods in order to determine actions aimed at containing it. It should also be noted that the value of inventories at October 31, 2022 was essentially centralised in Computer Gross S.p.A. and Var Group S.p.A..

Governance Model

Sesa adopts a governance model aimed at fostering the creation of sustainable long-term value and a virtuous collaboration between company and stakeholders. The Group's objective is to pursue sustainable success through the creation of long-term value for the benefit of all stakeholders, as also formalised in the company's Articles of Association. Furthermore, Sesa acts within the reference framework of the United Nations Universal Declaration of Human Rights, the fundamental Conventions of the ILO and on the basis of its Code of Ethics, which is also an integral part of the Organisational Model pursuant to Legislative Decree no. 231/2001. Specifically, Sesa adopts, as of August 2021, a **one-tier system of administration and control**, which provides for the appointment by the Shareholders' Meeting of a Board of Directors, which is responsible for the management of the company, and which appoints from among its members a management control committee that exercises control over the proper exercise of administration. The Board of Directors guides the company by pursuing its sustainable success also by defining the strategies of the Group company.

In this regard, it should be noted that on 12 July 2022, based also on the work carried out during the last financial year **by the Corporate Sustainability Operations Committee**, the Board of Directors established an internal **Sustainability Committee** with advisory and proposal-making functions to support the Board and the CEO in the field of sustainability.

The **Shareholders' Meeting** is the body in which the company's will is formed and expressed, then implemented by the Board of Directors. It is composed of the shareholders who meet from time to time to pass resolutions in the manner and on matters defined by the provisions of the law and the Articles of Association of the Company. Among the most important tasks of the Shareholders' Meeting are the selection of the members of the Board of Directors and the Management Control Committee, as well as the approval of the annual financial statements;

The **Board of Directors** carries out the strategic

supervision of the Group and verifies its implementation. It is chaired by Paolo Castellacci and it consists of 10 members (the number of which is determined by the Shareholders' Meeting on the basis of the Articles of Association): 4 directors are executive and 6 are non-executive, of which 5 are independent. The Board of Directors is also responsible for the definition of the Code of Ethics, values and the preparation of this Annual Integrated Report, which outlines policies, risks and performance on financial, environmental, people-related, social, human rights and anti-corruption issues. The composition of the Board of Directors complies with the pro tempore regulations on gender balance (out of a total of ten members, the number of women is four, all independent), and the average age of the Board members is 55. As per best practice, the role of Chairman of the Board of Directors is separate from the role of Chief Executive Officer;

The **Chief Executive Officer**, in the person of Mr. Alessandro Fabbroni, is in charge of the corporate, operational and financial management as well as the implementation of strategic guidelines;

The **Management Control Committee** monitors the compliance with legal, regulatory and statutory provisions, the compliance with the principles of proper administration, the adequacy of organisational and accounting structures, and the functionality of the overall internal control system. The Committee, which is part of the Board of Directors, is composed of three directors who meet the requirements of honourableness and professionalism laid down in the Articles of Association and the requirements of independence laid down in Article 2409 septiesdecies;

The **Auditing Company**, an external body in charge of auditing the accounts, is chosen by the Shareholders' Meeting. For the nine-year period 2014-2022, this role was entrusted to the auditing firm PricewaterhouseCoopers SpA and, in line with international best practices, the process of appointing the new auditing firm for the nine-year period 2023-2031 was brought forward by one year in order to ensure a better management of the process of rotation between

auditing bodies. By resolution of the Shareholders' Meeting of 26 August 2021, the legal audit of the Sesa Group was entrusted to Kpmg SpA.

Within the board, Sesa has also established three internal board committees: Remuneration, Control and Risk, and Sustainability. The three internal board committees are set up in accordance with the recommendations of the Corporate Governance Code.

The **Remuneration Committee** is an advisory and consulting body with the main task of making proposals to the Board of Directors for the definition of the remuneration policy for directors and executives with strategic responsibilities. In addition to the provisions of the Remuneration Policy, the Remuneration Committee is entrusted with the tasks set forth in the principles of the Corporate Governance Code.

The **Control and Risk Committee** is a body with advisory and consulting functions that has the task of supporting, with an adequate preliminary activity, the evaluations and decisions of the Board of Directors relating to the internal control and risk management system, as well as those relating to the preparation of periodic financial reports.

The role of the **Sustainability Committee** is to assist the Board of Directors with investigative functions, of a propositional and consultative nature, in evaluations and decisions relating to sustainability issues, also understood as Environmental, Social and Governance, connected to the exercise of the company's activity and its dynamics of interaction with all stakeholders, to corporate social responsibility, to the examination of scenarios for the preparation of the strategic plan also based on the analysis of relevant issues for the generation of long-term value.

The composition of the management and control bodies in Sesa SpA complies with the applicable legal provisions, with specific reference to the appropriate gender distribution. For information and in-depth analysis on the structure and functioning of the corporate bodies, governance practices, and the activities of the internal body Committees, please refer to the "Report on Corporate Governance and Ownership Structures" published pursuant to Article 123-bis of the Consolidated Law on Finance on the website www.sesa.it, Section "Corporate Governance".

Long-term sustainable value creation

Sesa's business model is based on sustainable growth, transparency, valorisation of talent and diversity, protecting the environment and generating value for stakeholders. The industrial development plan and ESG objectives coexist and are interconnected in order to bring a concrete contribution to the achievement of the Sustainable Development Goals defined by the United Nations.

Sesa's business model aims at creating sustainable and shared value for all stakeholders over time. Underlying the business model are the six capitals pillars (financial, infrastructural, organisational, human, relational, social, and environmental) on which the organisation depends to guarantee the quality of the services provided. In line with this evolution, Sesa is implementing an integrated value creation approach by developing a virtuous circle between corporate mission and value generation for stakeholders.

In particular, the commitment to articulate an innovative and distinctive offer led Sesa to the development of an integrated model of shared value creation, achieved by valorising:

the **human capital** by enabling people to constantly improve their skills and understanding within the Group's strategy;

the **social and environmental capital** by monitoring and minimising the impact of its activities on environmental resources and on the communities in which the Group operates;

the **relational capital** by sharing behavioural and relational values with partners, suppliers and stakeholders;

the **organisational and financial capital** by enhancing the development of its services through research and innovation processes along the entire chain.

Sesa's business model is based on this strategic orientation, which aims at the creation and distribution of sustainable value in the short, medium and long term in all areas related to the International <IR> Framework and in response to the global challenges defined by the 17 UN Sustainable Development Goals to which the company concretely contributes.

People

Human resources are a core value of the Sesa Group and the most relevant stakeholder in terms of value generation and distribution. The skills and specialisations of human capital are the basis of the Group's ability to offer innovative technological and digital solutions to support businesses and organisations.

The Sesa Group promotes programmes and activities to develop professionalism and diversity and improve the wellbeing and quality of working life of its human resources, applying distinctive values such as integrity, fairness, attention to people, inclusion and sustainability that guide the Group's strategy in human capital management.

As of October 31, 2022, the number of Group employees totalled 4,434 (+19.4% YY), showing a significant growth trend thanks both to the plans to hire young people from specialisation schools and universities, and to the contribution of external leverage (M&A) aimed precisely at developing the skills of human resources.

<i>(in units)</i>	Average number of employees for the period ending 31 October		Number of employees as at 31 October		Number of employees as at 30 April
	2022	2021	2022	2021	2022
Executives	46	36	47	39	46
Middle management	382	287	392	295	372
White collar	3,692	3,167	3,836	3,296	3,547
Blue collar	90	88	82	84	98
Trainees ⁽¹³⁾	89	-	77	-	100
Total	4,299	3,578	4,434	3,714	4,163

⁽¹³⁾ The number of trainees was first reported from the period to 30 April 2022.

Female employment represents a significant component of the business, equal to 32% at October 31, 2022 and reflects the intrinsic characteristics of the business in which the Group operates, strongly oriented towards resources with technical-scientific skills. For years, the Group has been implementing programmes aimed at the full achievement of gender equality which, also in light of the progressive evolution of the training orientation of young resources, are determining a further progressive growth of the female quota.

The Group is committed to minimizing the pay gap between women and men with the aim of ensuring equal gender opportunities and promoting work-life balance programmes.

The strategic governance of human capital pursues the retention of permanent resources, equal to 99% of permanent contracts, and the inclusion of young high school and university graduates undergoing training in the areas of greatest development potential.

Hiring

The Sesa Group carries out the selection process on systematic basis and hires those human resources in support of the business growth and to develop digital skills. The work quality, the opportunity to collaborate on innovative projects, valuing diversity and the skills of resources, together to the Group commitment towards a sustainable development, represent the key elements in the attraction process of talents, especially for the youngest. The Group's selection process aims to identify the best available resources through:

- Long-standing collaborations with Professional Schools, Universities and Business Schools, with which the Group has well-established relationships, including internships for students or recent graduates, project development and dissertations;
- Social communication plans using the main recruiting tools, including LinkedIn and leading recruitment sites;
- Hiring events at the Group's main offices, aimed at presenting job opportunities and professional growth for young graduates;
- Collaboration with local secondary education institutions by participating in School-Work Alternation programmes.

Over the last 12 months, over 650 new resources in the Group entities, of which 60% under 30, have been recruited from universities and training schools and placed on internship and apprenticeship schemes that end with confirmation on a permanent basis with percentages close to 100%. Specifically, 77 internships and 392 apprenticeships were in place as of October 31, 2022.

Training and Development of resources

The Sesa Group pursues the retention of human capital through a mix of strategic governance and development tools (training, career plans, work-life balance initiatives, team building and corporate welfare) managed for all major companies of the Group by the parent company Sesa SpA. In this sense, training plays a key role in the process of both enhancing the value and loyalty of people, representing an important tool for developing and consolidating individual skills and at the same time for disseminating the Group's values and strategy, supporting its sustainable growth and cultural and organisational evolution.

Over the last two years, the main training programmes have been strengthened in relevant areas, also in light of market developments such as safety and sustainability. As at 30 April 2022, 60,900 hours of training were provided, an increase of 132% compared to the previous year, with a focus on technical, sustainability and soft skills.

The training programmes include a significant component managed centrally by the Parent Company's training office with reference to specific topics on issues such as personal data protection (GDPR-General Data Protection Regulation), Cyber Security, Sustainability, Diversity and Compliance, and the use of e-learning platforms that have enabled an increasing number of resources to be involved..

Health and Safety

The Sesa Group promotes the welfare of workers through policies and programmes of information and awareness on safety in the workplace, adopting the necessary measures to prevent and/or minimise accidents, injuries and occupational diseases. This overall vision translates into a business strategy aimed at pursuing the highest levels of protection and guarantee of workers through the planning and implementation of all actions aimed at ensuring the health and safety of processes and workplaces.

Control measures applied for the elimination or containment of risks include:

- health and safety training programmes, differentiated according to the risks and professional profiles present in the company;
- individual and collective protective equipment and devices;
- organisational arrangements necessary to ensure maximum safety of workers within the working environment.

It should be noted that in the last Financial Year ended April 30, 2022, in continuity with previous years, the reported injury rate was 2.71% with a severity index of 0.01%.

Welfare

Over the years, a welfare model has been implemented that is able to contribute to the individual and family wellbeing of workers and improve working relations and the organisational climate, increase the organisation's level of attractiveness and generate benefits for the community in which the Group operates.

Family work-life balance, wellbeing and environmental sustainability are the cornerstones of the new 2022-2023 welfare programme, which has been further strengthened compared to the previous year's programme and is structured along the following lines:

- **Diversity and parenthood:** support for the birth of children with financial assistance for childbirth and contributions for baby-sitting, pedagogy, and nursery services (at the Empoli site in the company nursery Sesa Baby); scholarships for the purchase of schoolbooks, for participation in summer centres for employees' children; contributions for the

purchase of information tools for employees' children; and financial support for health and social assistance for disabled family members;

- **Employees' welfare:** flexible benefits to supplement employees' expenditure (food shopping, sports, wellness, culture, shopping and professional parenting services); support for housing mobility (contribution for employees who move their residence out of the family of origin); scholarships for employees' participation in part-time university degree or master courses;
- **Environmental sustainability:** support of sustainable mobility of employees for the use of public and electric transport and E-Car Sharing programmes; programmes aimed at reducing the consumption of natural resources within the Group's locations;
- **Work-life balance:** solidarity and people caring for the well-being and health of employees; company micro-credit programmes for employees access to subsidised loans; psychological and counselling desk available free of charge for employees.

In line with the recent national regulatory updates related to welfare policies and with the aim of financially supporting its workers in a phase of strong increase of energy costs, the Group has also provided an extraordinary contribution of Euro 400 by way of the household utilities costs (water, electricity or natural gas) sustained by Group human resources in Year 2022.

The Welfare Plan benefits from the contribution of the Sesa Foundation, a non-profit organization promoted by HSE SpA (Group holding that control Sesa Group through ITH SpA) and oriented to carry out philanthropy events, education and assistance initiatives for the benefit of the Group's human capital and social communities. These interventions are consistent with the sustainability objectives that the Sesa Group pursues in the management of human capital, promoting its development and diversity in the context of work life balance policies and loyalty in the long term. In particular it is important to remark the support the Sesa Foundation given in order to counter the pandemic through the vaccination hub in Empoli (FI).

Transactions with Related Parties and Group companies.

Economic transactions between Group companies take place at market prices and are eliminated in the consolidation process. Transactions entered into by Group companies with related parties in accordance with IAS 24 were conducted at market conditions and mutual economic convenience.

During the period under analysis, however, there were no significant transactions with related parties.

Significant events occurring after the end of the half-year

On 12 December 2022 the wholly owned subsidiary Computer Gross S.p.A. has signed an industrial partnership agreement for the majority stake acquisition of Altinia Distribuzione S.p.A., strengthening its skills in value-added printing solutions. Altinia, based in Casale sul Sile (TV) and established in 1997, is a vertical specialized value-added distributor of professional managed printing IT solutions aiming at optimizing printing flows and natural resources consumption, in partnership with leading International Vendors. The company operates with a team of about 30 human resources, with expected revenues in Year 2022 of about Eu 50 million (5% Ebitda Margin). The deal execution, subject to the market concentration authorization by the Antitrust National Authority AGCM, is expected within April 30, 2023.

On 16 December 2022 the wholly owned subsidiary Var Group S.p.A. has acquired the majority stake of CYRES Consulting Services GmbH, based in Munich (Germany), a reference player in technical and compliance consultancy in cyber security for the automotive industry, with focus on the full supply chain. The company operates with a team of over 50 skilled human resources, with expected revenues in Year 2022 of approximately Eu 5.5 million (Ebitda Margin equal to 25%). CYRES strengthens the skills in Cyber Security of Var Group Digital Security, which achieves a total of 200 skilled human resources in IT consulting and digital security, with a strong European presence, specifically in the DACH Region.

There are no further significant events occurring after the end of the six-month period ended 31 October 2022.

Business outlook

Sesa Group will continue to invest in skills, application solutions and innovative technology platforms in order to support the growing demand for digital transformation of businesses and organisations

In light of the positive results achieved in the First Half in all business sectors, the expected contribution of the about 35 bolt-on M&As closed in the last two years as well as the growing demand for digitalization in the Group markets, the Group confirms the positive outlook for the Full Fiscal Year ending April 30, 2023, with revenues and Ebitda growth guidance confirmed in the high-end of the range communicated last September (revenues Eu 2.750-2.825 billion; Ebitda Eu 190-205 million), strengthening the Group role of reference player of digital industry.

The Group will continue to sustain the development of skills, human resources and technology innovation solutions, aiming at confirming the long-term growth track record in the coming years, generating sustainable value for all stakeholders.

Chairman of the Board of Directors

Paolo Castellacci

Chief Executive Officer

Alessandro Fabbroni

Condensed Consolidated
Half-Year Financial
Statements at 31
October 2022

Consolidate Income Statement

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2022	2021
Revenues	5	1,298,771	1,024,779
Other income	6	12,965	11,921
Consumables and goods for resale	7	(988,164)	(781,840)
Costs for services and rent, leasing, and similar costs	8	(119,380)	(89,689)
Personnel costs	9	(109,119)	(90,781)
Other operating costs	10	(7,955)	(4,360)
Amortisation and Depreciation	11	(24,463)	(19,498)
Operating result		62,655	50,532
Share of profits of companies valued at equity		851	671
Financial income	12	7,248	1,454
Financial expenses	12	(11,993)	(5,331)
Profit before taxes		58,761	47,326
Income taxes	13	(17,628)	(13,358)
Profit for the year		41,133	33,968
of which:			
Profit attributable to non-controlling interests		2,385	2,157
Profit attributable to the Group		38,748	31,811
Earnings per share - basic (in Euro)	21	2,51	2,06
Earnings per share - diluted (in Euro)	21	2,50	2,05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(Euro thousands)</i>	Note	Period ended 31 October	
		2022	2021
Profit for the period		41,133	33,968
Items that cannot be reclassified to the income statement			
Actuarial gain/loss for employee benefits - Gross effect	23	(609)	193
Actuarial gain/loss for employee benefits - Tax effect	23	145	(51)
Comprehensive income for the period		40,669	34,110
Of which:			
Comprehensive income attributable to non-controlling interests		2,406	2,232
Comprehensive income attributable to the Group		38,263	31,878

Consolidated Statement of Financial Position

<i>(Euro thousands)</i>	Note	At 31	At 30 April
		October	2022
		2022	2022
Intangible assets	14	282,066	228,280
Rights of use	15	58,122	57,401
Property, plant and equipment	15	60,919	54,542
Investment property	16	290	290
Equity investments value at equity	17	15,832	14,593
Receivables for deferred tax assets		14,632	15,910
Other non-current receivables and assets	17	19,320	16,655
Total non-current assets		451,181	387,671
Inventory	18	165,984	144,034
Current trade receivables	19	441,175	434,579
Current tax receivables		12,607	6,651
Other current receivables and assets	17	127,778	86,718
Cash and cash equivalents	22	436,428	496,311
Total current assets		1,183,972	1,168,293
Total assets		1,635,153	1,555,964
Share capital		37,127	37,127
Share premium reserve		33,144	33,144
Other reserves		(59,294)	(44,978)
Profits carried forward		312,603	290,148
Total shareholders' equity attributable to the Group		323,580	315,441
Shareholders' equity attributable to non-controlling interests		28,564	19,718
Total Shareholders' equity	20	352,144	335,159
Non-current loans	22	152,713	123,559
Financial liabilities for non-current rights of use	22	33,714	33,849
Non current financial liabilities and commitments for purchase of shares from non-controlling interests		102,305	76,808
Employee benefits	23	48,607	44,379
Non-current provisions	24	4,446	4,240
Deferred tax liabilities		76,791	63,333
Total non-current liabilities		418,576	346,168
Current loans	22	103,035	130,054
Financial liabilities for current rights of use	22	11,410	11,084
Current financial liabilities and commitments for purchase of shares from non-controlling interests		31,565	31,589
Trade payables		537,065	525,879
Current tax payables		23,475	10,940
Other current liabilities	25	157,883	165,091
Total current liabilities		864,433	874,637
Total liabilities		1,283,009	1,220,805
Total shareholders' equity and liabilities		1,635,153	1,555,964

Consolidated Statement of Cash Flows

<i>(Euro thousands)</i>	Nota	Period ended 31 October	
		2022	2021
Profit before taxes		58,761	47,326
Adjustments for:			
Amortisation and Depreciation	11	24,461	19,498
Accruals to provisions relating to personnel and other provisions	10	6,586	4,109
Net financial (income) expense	12	3,547	1,944
Profit of companies valued using the equity method		(851)	(671)
Other non-monetary entries		(45)	(852)
Cash flows generated by operating activities before changes in net working capital		92,459	71,354
Change in inventory	18	(20,312)	(25,664)
Change in trade receivables	19	(3,699)	49,141
Change in payables to suppliers		855	(33,085)
Change in other assets		(36,367)	2,881
Change in other liabilities		(21,058)	(43,268)
Use of provisions for risks	24	(1,166)	(675)
Employee benefits	23	(1,645)	(1,070)
Change in deferred taxes		(1,821)	626
Change in receivables and payables for current taxes		6,439	10,665
Interest paid	13	(3,600)	(2,113)
Taxes paid		(9,661)	
Net cash flow generated by operating activities		425	28,792
Investments in companies net of cash acquired		(9,862)	(6,470)
Investments in property, plant and equipment	15	(11,663)	(7,659)
Investments in intangible assets	14	(4,287)	(3,930)
Investments in associated companies		(559)	(88)
Disposal in associated companies			-
Non-current equity investments in other companies		(2,450)	(810)
Disposals of non-current equity investments in other companies		210	
Dividends collected		393	491
Interest collected		354	262
Net cash flow generated by/(used in) by investment activity		(27,864)	(18,204)
Subscription of long-term loans		77,730	27,100
Repayment of long-term loans		(53,966)	(39,487)
(Reduction)/increase in short-term loans		(20,763)	(1,379)
Repayment of financial liabilities for rights of use		(6,903)	(6,335)
Investments/disinvestments in financial assets		(3,075)	(862)
Treasury shares	20	(10,741)	(2,942)
Dividends distributed		(14,726)	(13,793)
Net cash flow generated by/(used in) financial activities		(32,444)	(37,698)
Translation difference on cash and cash equivalents			
Change in cash and cash equivalents		(59,883)	(27,110)
Opening balance of cash and cash equivalents		496,311	426,665
Closing balance of cash and cash equivalents		436,428	399,555

Consolidated Statement of Changes In Equity

<i>(Euro thousands)</i>	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interests	Total Shareholders' equity
At 30 April 2022	37,127	33,144	(44,978)	290,148	315,441	19,718	335,159
Profit for the year				38,748	38,748	2,385	41,133
Actuarial gain/(loss)for employee benefits – gross effect			(638)		(638)	29	(609)
Actuarial gain/(loss)for employee benefits – tax effect			153		153	(8)	145
Comprehensive income for the year			(485)	38,748	38,263	2,406	40,669
Transactions with shareholders							
Purchase of treasury shares			(10,741)		(10,741)		(10,741)
Sale of treasury shares							
Distribution of dividends				(13,945)	(13,945)	(782)	(14,727)
Assignment of shares in execution of Stock Grant plan							
Stock Grant plans - shares vesting in the period			2,308		2,308		2,308
Allocation of profit for the year			3,251	(3,251)			
Change in the scope of consolidation and other changes			(8,649)	903	(7,746)	7,222	(524)
At 31 October 2022	37,127	33,144	(59,294)	312,603	323,580	28,564	352,144

<i>(Euro thousand)</i>	Share capital	Share premium reserve	Other reserves	Profits for the year and profits carried forward	Shareholders' equity attributable to the Group	Shareholders' equity attributable to non-controlling interests	Total Shareholders' equity
At 30 April 2021	37,127	33,144	(19,421)	227,776	278,626	18,729	297,355
Profit for the year				31,808	31,808	2,157	33,965
Actuarial gain/(loss)for employee benefits – gross effect			92		92	101	193
Actuarial gain/(loss)for employee benefits – tax effect			(25)		(25)	(26)	(51)
Comprehensive income for the year			67	31,808	31,875	2,232	34,107
Transactions with shareholders							
Purchase of treasury shares			(2,943)		(2,943)		(2,943)
Sale of treasury shares							
Distribution of dividends			(2,122)	(11,046)	(13,168)	(625)	(13,793)
Assignment of shares in execution of Stock Grant plan			581	(581)			
Stock Grant plans - shares vesting in the period			1,428		1,428		1,428
Allocation of profit for the year							
Change in the scope of consolidation and other changes			(28,682)	23	(28,659)	(868)	(29,527)
At 31 October 2021	37,127	33,144	(51,092)	247,980	267,159	19,468	286,627

Notes to the Condensed Consolidated Half-Year Financial Statements

1. General information

SESA S.p.A. (hereinafter “SESA”, the “Company” or the “Parent Company”) is a company incorporated and domiciled in Italy, with registered office in Empoli, at no. 138 Via Piovola, organised in compliance with the legal system of the Italian Republic.

It should be noted that Sesa SpA has been listed on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*) of Borsa Italiana S.p.A. since 22 October 2013.

The Company and its subsidiaries (jointly the “Group”) operate in Italy in the Information Technology sector and, in particular, in the value-added distribution of software and hardware (Value Added Distribution or VAD), in the offer of IT services and consultancy aimed at training and supporting businesses as end-users of IT (Software and System Integration or SSI), and in the provision of process outsourcing, security and digital transformation for the financial and large enterprise sector (Business Services). The Company is controlled by ITH SpA, which holds 52.8% of the shares with voting rights. These Condensed Consolidated Half-Year Financial Statements were approved by the Company’s Board of Directors on 19 December 2022 and reviewed by KPMG SpA.

2. Summary of Accounting Standards

The main accounting criteria and standards applied in the preparation of these Condensed Consolidated Half-Year Financial Statements at 31 October 2022 are illustrated below.

2.1 Basis of Preparation

The Condensed Consolidated Half-Year Financial Statements at 31 October 2022 were drawn up in compliance with IAS 34, concerning interim financial reporting. IAS 34 allows the preparation of the financial statements in “condensed” form, on the basis of a minimum level of reporting which is significantly less detailed than that envisaged by the International Financial Reporting Standards, issued by the International Accounting Standards Board and adopted by the European Union (hereinafter “IFRS”), where a complete version of the financial statements, prepared in compliance with IFRS, has been published previously. The Condensed Consolidated Half-Year Financial Statements at 31 October 2022 were drawn up in “short” form and must therefore be read jointly with the Group consolidated financial statements for the year ended 30 April 2022, prepared in compliance with IFRS.

The Condensed Consolidated Half-Year Financial Statements have been prepared under the going concern assumption, in that the Directors have verified that there are no financial, management or other indicators such as to indicate critical issues regarding the Group’s ability to fulfil its obligations in the foreseeable future and particularly in the next 12 months. A description of how the Group manages financial risks is contained in note 3 on “Financial risk management”.

The Consolidated financial statements have been prepared and presented in Euro, which is the currency of the prevailing economic environment in which the Group operates. All amounts included in this document, unless otherwise indicated, are stated in Euro thousands.

The financial statement schedules and relative classification criteria adopted by the Group within the scope of the options envisaged by IAS 1 Presentation of Financial Statements are indicated below:

- The statement of financial position has been prepared by classifying assets and liabilities according to the "current/non-current" criterion;
- The income statement has been prepared by classifying operating costs by type;
- The statement of comprehensive income includes, in addition to the profit for the period resulting from the income statement, other changes in shareholders' equity items attributable to transactions not entered into with Company shareholders;
- The statement of cash flows shows the cash flows from operating activities according to the "indirect method".

The Management has evaluated all the specific requests for information and has reported in the condensed consolidated interim financial statements the information deemed relevant in accordance with the definition of IAS 1.7.

The Condensed Consolidated Half-Year Financial Statements have been prepared on the basis of the conventional historical cost criterion, except for the valuation of financial assets and liabilities, where the application of the fair value criterion is required.

Assets and liabilities have been shown separately and without offsets.

Assets is classified as current when:

- the asset is expected to be realised, or is expected to be sold or used in the ordinary course of the entity's operating cycle;
- is held primarily to be traded;
- it is expected that it will take place within twelve months of the closing date of the financial year;
- these are cash or cash equivalents, unless they are precluded from being exchanged or used to settle a liability for at least twelve months from the reporting date.

A liability is classified as current when:

- the liability is expected to be settled in the normal operating cycle of the entity;
- is held primarily to be traded;
- must be settled within twelve months of the closing date of the financial year; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date.

2.2 Scope of Consolidation and Consolidation Criteria

The Condensed Consolidated Half-Year Financial Statements at 31 October 2022 include the Company's Interim Financial Statements, as well as the Interim Financial Statements of the subsidiaries at 31 October 2022. These interim financial statements were properly adjusted, where necessary, to align them with the IFRS.

The companies included in the scope of consolidation at 31 October 2022 are detailed in the annexes, which are an integral part of the Condensed Consolidated Half-year Financial Statements.

2.3 Valuation Criteria

The accounting policies and consolidation criteria adopted when preparing the Condensed Consolidated Half-Year Financial Statements at 31 October 2022 comply with those adopted for the consolidated financial statements for the year ended 30 April 2022, taking into account those specifically applicable to the interim situations.

The preparation of the Condensed Consolidated Half-Year Financial Statements requires the directors to make estimates and assumptions that affect the values of the assets and liabilities booked and the relative reporting, as well the potential assets and liabilities at the reporting date. The estimates and related assumptions are based on previous experiences and

other factors that are considered reasonable in the case in hand and are implemented when the book value of the assets and liabilities cannot be easily deduced from other sources. The final totals may, therefore, differ from these estimates. Estimates and assumptions are reviewed on a regular basis and the effects of every change are reflected in the income statement, when this is related solely to the specific financial period. If the review concerns both the current and future financial periods, the change is carried in the period in which the review is carried out and in the related future periods. The totals could differ significantly from these estimates following possible changes in the factors considered in the calculation of said estimates. Certain evaluation processes, particularly those that are more complex, such as the calculation of any impairment of non-current assets, are usually carried out completely only when drawing up the annual consolidated financial statements, with the exception of cases in which there are indicators that require an immediate estimate of any updates. It should be noted, with regard to the liability relating to staff severance indemnities, that an independent actuarial appraisal was carried out at 31 October 2022, in compliance with IAS 19.

2.4 Fair value estimate

The fair value of financial instruments listed on an active market is based on the market prices at the reporting date. The fair value of instruments that are not listed on an active market is determined using valuation techniques based on a series of methods and assumptions linked to market conditions at the balance sheet date. The following table shows the classification of the fair values of financial instruments on the basis of the following hierarchical levels:

Level 1: Fair value determined with reference to listed (unadjusted) prices on active markets for identical financial instruments;

Level 2: Fair value determined using valuation techniques with reference to variables observable on active markets;

Level 3: Fair value determined using valuation techniques with reference to variables that cannot be observed on active markets.

The fair value of forward transactions in foreign currency (forward) at 31 October 2022 is of level 2, while the fair value of the capitalisation policies held in portfolio is of level 1.

2.5 Seasonality

While the economic performance of the Sesa Group is not affected by significant seasonal or cyclic changes in overall annual sales, it is influenced by the lack of standardised distribution of costs and revenues in the different months of the year. This is why the analysis of the half-year results and income, equity and financial indicators cannot be considered fully representative and it would, therefore, be incorrect to consider the half-year indicators as a proportional share of the whole year.

2.6 Newly issued accounting standards

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments applied by the Group at 1 May 2022.

- In May 2020, the IASB published amendments to IFRS 3 "Business combinations", IAS 16 "Property, plant and equipment" and IAS 37 "Provisions, contingent liabilities and contingent assets". Amendments to IFRS 1 "First-time Adoption of IFRS", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and the illustrative examples annexed to IFRS 16 "Leases" were also published;

At the date of this Report, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments not yet applied by the Company:

- In May 2017 the IASB issued the new standard IFRS 17 “Insurance Contracts”. The new standard will replace IFRS 4 and will be effective for annual periods beginning on or after 1 January 2023;
- Regulation (EU) 2022/1392 of the Commission of August 11, 2022 was published in the Official Journal L 211 of 12 August 2022, which adopts amendments to IAS 12 Income taxes. This amendment clarifies how companies report deferred taxes on transactions such as leases and decommissioning obligations. The amendment is applicable for annual periods beginning on or after 1 January 2023.

The Group will adopt these new standards, amendments and interpretations, based on their expected date of application. At present, the Group is analysing the above-mentioned accounting standards and assessing whether their adoption will have a significant impact on the financial statements.

At the date of this Report, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

- In January 2020, (updated in July 2020) the IASB published an amendment to IAS 1 “Presentation of financial statements: Classification of Liabilities as Current or Non-Current” which provides for the classification of liabilities as current and non-current based on rights that are in existence at the end of the reporting period. The amendment is applicable from 1 January 2023;
- In February 2021, the IASB published a number of minor amendments to IAS 1, Practice Statement 2 and IAS 8. The amendments aim to improve reporting on accounting standards and to help users of financial statements distinguish between changes in accounting estimates and changes in accounting policies. The amendment is applicable for annual periods beginning on or after 1 January 2023.
- In December 2021 the IASB published the amendments IFRS 17 and IFRS 9 with the aim of indicating the transition options relating to comparative information on financial assets presented upon initial application of the IFRS 17. The amendment is applicable for annual periods beginning on or after 1 January 2023

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess their potential impacts, when they are approved by the European Union.

3. Financial Risk Management

The Group's assets are exposed to the following risks: market risk (defined as exchange and interest rate risk), credit risk, liquidity risk and capital risk.

The Group's risk management strategy aims to minimise potential negative effects on the Group's financial performance. Some types of risk are mitigated by using derivative instruments. Risk management is centralised in the treasury function, which identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The treasury function provides indications for monitoring risk management, as well as indications for specific areas, concerning interest rate risk, exchange rate risk and the use of derivative and non-derivative instruments.

MARKET RISK

The Group is exposed to market risks with regard to interest rates and exchange rates.

Interest Rate Risk

Exposure to interest rate risk mainly derives from the fact that Group companies carry out a commercial activity characterised by a financial requirement during certain periods of the year. This need is hedged through the assignments of receivables, loans and credit lines at floating rates. The Group did not consider it appropriate to enter into specific

financial instruments to hedge interest rate risks, as the same would result, on the whole, particularly costly compared to benefits (if any), considering the current level of financial indebtedness and interest rates.

The amount of floating rate debt not hedged against the interest rate risk represents the main risk element due to the possible impact on the income statement as a result of an increase in market interest rates.

On the basis of an analysis of the Group's indebtedness, it should be noted that all long-term and short-term debts as at 31 October 2022 are at floating rates.

Exchange rate risk

The Group is active almost exclusively on the European market and its limited exposure to exchange rate risk is related to a few minor purchases and sales of goods in US dollars. In order to reduce the exchange rate risk deriving from expected assets, liabilities and cash flows in foreign currencies, the Group uses forward contracts to hedge cash flows in currencies other than the Euro. The Group mainly establishes the exchange rates of the functional currencies of the Group companies (Euro) against the US dollar, as some purchases and sales of consumables and goods are denominated in US dollars. In fact, it is the Group's policy to hedge, where possible, commercial forecast flows in US dollars deriving from certain or highly probable contractual commitments. The maturity of existing forward contracts does not exceed 12 months. The instruments adopted by the Group do not meet all the requirements necessary to be recorded in accordance with the rules of hedge accounting. At 31 October 2022, there were 134 forward currency purchase contracts (US dollars) entered into by Computer Gross SpA, 99 of which had a positive fair value of Euro 1.078 thousand and 35 had a negative fair value of Euro 103 thousand.

Credit risk

Credit risk essentially derives from receivables from customers. The credit risk relating to financial positions relative to transactions in derivative instruments is considered marginal, in that the counterparties are selected within the scope of primary financial institutions. As regards credit risk relating to the management of financial and cash resources, the Group has procedures in place to ensure that the Group companies entertain relations with high-profile and secure independent counterparties.

To mitigate the credit risk related to commercial counterparties, and therefore customers, the Group has implemented procedures to ensure that sales of products take place with customers considered reliable on the basis of past experience and available information. Furthermore, the Group constantly monitors its commercial exposure and ensures that receivables are collected in compliance with the contractual deadlines.

With reference to trade receivables, the riskiest situation concerns relations with resellers. The collections and payment times of these receivables are, therefore, monitored constantly. The amount of financial assets considered doubtful and not significant is however hedged by appropriate accruals to the provision for bad debts.

The following table provides a breakdown of current receivables from customers at 31 October 2022 and 30 April 2022, grouped by overdue amounts, net of the portion of the provision for bad debts covering performing loans.

	At 31 October 2022	At 30 April 2022
Yet to mature	359,104	378,552
Expired by 0-90 days	64,234	45,644
Expired by 91-180 days	10,023	4,191
Expired by 180-360 days	5,035	3,753
Expired by over 360 days	2,779	2,438
Total	441,175	434,579

For the management of credit risk, it should be noted that the Group uses the credit insurance instrument on a significant portion of trade receivables.

LIQUIDITY RISK

Liquidity risk is associated with the Group's ability to fulfil its commitments deriving mainly from financial liabilities. Prudent management of the liquidity risk arising from the Group's normal operations implies maintaining an adequate level of cash and cash equivalents and the availability of funds obtainable through an adequate amount of credit lines.

CAPITAL RISK

The Group's goal in terms of capital risk management is mainly to safeguard business continuity so as to guarantee returns for shareholders and benefits for other stakeholders. The Group also aims to maintain an optimal capital structure in order to reduce the cost of borrowing.

Segment Information

The criteria applied to identify the business segments reported are in line with the methods used by management to manage the Group. In particular, the structure of the business segments reported corresponds to the structure of the reports regularly analysed by the Board of Directors for the purposes of managing the Group's business. Specifically, the main dimension of management analysis used by the Group is that relating to the following operating segments:

- **the Corporate Sector** comprises activities related to the strategic governance and management of the Group's operating machinery and financial platform, centralised within Sesa SpA. For the main operating companies of the group in particular, the Administration, Finance and Audit, Human Resources, Organisation, Information Technology, Investor Relations, Corporate Governance, Legal and Internal Audit functions are managed by the parent company, Sesa SpA;
- **the VAD Sector** includes activities related to the Value Added Distribution (VAD) of technological innovation solutions and IT services, with focus on the Data Centre, Enterprise Software, Networking and Collaboration, Security and Cloud Computing segments. The VAD Sector is managed by the wholly-owned subsidiary Computer Gross SpA;
- **the Software and System Integration (SSI) Sector** offers technological innovation and digital transformation solutions for companies in the SME and Enterprise segments. The Software and System Integration Sector is managed by the wholly-owned subsidiary Var Group SpA;
- **the Business Services (BS) Sector** offers business process outsourcing, security and digital transformation services for the finance segment. The BS Sector is managed by the subsidiary Base Digitale Group Srl.

The Group's management assesses the performance of the various operating segments, using the following indicators:

- revenues from third parties by operating segment;
- Ebitda defined as the profit for the year before depreciation and amortisation, accruals to the provision for bad debts, accruals to the provisions for risks, notional costs relating to stock grant plans assigned to executive directors, financial income and expense, profit (loss) of companies measured using the equity method and taxes;
- profit for the period.

As Ebitda is not identified as an accounting measure by the IFRSs (Non-GAAP Measures), its quantitative determination might be fuzzy. Ebitda is a measure used by management to monitor and evaluate the operating performance of Group companies.

The criterion for determining the Ebitda reported above and applied by the Group may not be consistent with that adopted by other companies or groups, so its value may not be comparable with that determined by them.

The following table shows the financial information by operating sector for the period ended 31 October 2022 and 31 October 2021.

<i>(Euro thousands)</i>	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations	Value Added Distribution	Software and System Integration	Business Services	Corporate	Eliminations		
Third-party revenues	967,802	293,145	37,325	499		1,298,771	755,842	241,903	26,393	641	1,024,779	
Inter-sector revenues	40,602	2,562	1,442	6,470		51,076	39,297	2,396	398	9,051	51,142	
Revenues	1,008,404	295,707	38,767	6,969	(51,076)	1,298,771	795,139	244,299	26,791	9,692	(51,142)	1,024,779
Other income	6,380	7,125	941	1,223	(2,704)	12,965	6,249	6,318	343	1,191	(2,180)	11,921
Total revenues and other income	1,014,784	302,832	39,708	8,192	(53,780)	1,311,736	801,388	250,617	27,134	10,883	(53,322)	1,036,700
Consumables and goods for resale	(924,156)	(98,282)	(5,455)	(35)	39,764	(988,164)	(734,325)	(81,373)	(2,255)	(109)	36,222	(781,840)
Costs for services and rent, leasing, and similar costs	(26,063)	(85,212)	(17,201)	(2,373)	13,777	(117,072)	(19,964)	(69,046)	(11,905)	(4,303)	16,957	(88,261)
Personnel costs	(12,855)	(79,373)	(13,335)	(3,560)	4	(109,119)	(9,460)	(67,142)	(9,711)	(4,516)	48	(90,781)
Other operating costs	(1,029)	(2,731)	(205)	(91)	62	(3,994)	(1,235)	(1,134)	(102)	(170)	95	(2,546)
Ebitda	50,681	37,234	3,512	2,133	(173)	93,387	36,404	31,922	3,161	1,785		73,272
Amortisation, depreciation, write-downs and other non-monetary costs	(5,132)	(19,897)	(3,207)	(2,496)		(30,732)	(3,621)	(14,981)	(2,478)	(1,660)		(22,740)
Operating Result (Ebit)	45,549	17,337	305	(363)	(173)	62,655	32,783	16,941	683	125		50,532
Net financial income and expense	(2,682)	(776)	(407)	(29)		(3,894)	(1,929)	(1,073)	(192)	(12)		(3,206)
Profit before taxes	42,867	16,561	(102)	(392)	(173)	58,761	30,854	15,868	491	113		47,326
Income taxes	(11,277)	(5,323)	(452)	(625)	49	(17,628)	(8,293)	(4,701)	(38)	(326)		(13,358)
Profit for the period	31,590	11,238	(554)	(1,017)	(124)	41,133	22,561	11,167	453	(213)		33,968
Profit attributable to non-controlling interests	563	1,845	144	-	(167)	2,385	296	1,766	95	-		2,157
Profit attributable to the Group	31,027	9,393	(698)	(1,017)	43	38,749	22,265	9,401	358	(213)		31,811
Profit attributable to the Group Adjusted	31,598	13,165	451	(1,017)	43	44,240	22,558	12,379	1,110	(213)		35,834

(Euro thousand)	Period ended 31 October 2022						Period ended 31 October 2022					
	Value Added Distribution	Software e System Integration	Business Services	Corporate	Elisioni		Value Added Distribution	Software e System Integration	Business Services	Corporate	Elisioni	
Intangible assets	29,041	188,334	64,816	233	(358)	282,066	16,943	126,427	33,855	2,150	(356)	179,019
Property, plant and equipment	33,559	18,416	5,898	249		58,122	14,105	31,600	835	721		47,261
Right of use	16,382	38,548	5,619	370		60,919	31,105	16,190	5,483	309		53,087
Investment property	281			9		290	281			9		290
Investments valued at equity	11,408	4,620	129	768	(1,093)	15,832	10,140	2,934		768	(949)	12,893
Deferred tax assets	6,026	5,699	2,237	706	(36)	14,632	5,950	5,175	918	543	(69)	12,517
Other non-current receivables and assets	2,819	9,421	1,810	95,837	(90,567)	19,320	3,773	7,140	511	93,323	(88,959)	15,788
TOTAL NON-CURRENT ASSETS	99,516	265,038	80,509	98,172	(92,054)	451,181	82,297	189,466	41,602	97,823	(90,333)	320,855
Inventories	133,368	30,276	2,748		(408)	165,984	91,381	26,069	1,907		(297)	119,060
Current trade receivables	303,139	147,685	24,251	11,826	(45,726)	441,175	223,722	123,653	14,894	12,428	(46,046)	328,651
Current tax receivables	2,146	4,942	532	4,987		12,607	2,388	4,061	754	37		7,240
Other current receivables and assets	49,997	60,039	21,007	812	(4,077)	127,778	21,664	39,986	2,606	926	(453)	64,729
Cash and cash equivalents	281,617	118,183	34,655	1,973		436,428	260,330	113,110	19,598	6,517		399,555
TOTAL CURRENT ASSETS	770,267	361,125	83,193	19,598	(50,211)	1,183,972	599,485	306,879	39,759	19,908	(46,796)	919,235
TOTAL ASSETS	869,783	626,163	163,702	117,770	(142,265)	1,635,153	681,782	496,345	81,361	117,731	(137,129)	1,240,090
Share capital	40,000	3,800	6,231	37,127	(50,031)	37,127	40,000	3,800	6,231	37,127	(50,031)	37,127
Share premium reserve		4,051	16,212	33,144	(20,263)	33,144		4,051	16,214	33,144	(20,265)	33,144
Other reserves and profits carried forward	236,029	15,708	(8,173)	28,375	(18,630)	253,309	195,497	1,774	(7,047)	30,552	(23,888)	196,888
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	276,029	23,559	14,270	98,646	(88,924)	323,580	235,497	9,625	15,398	100,823	(94,184)	267,159
Shareholders' equity attributable to non-controlling interests	6,022	16,677	8,606		(2,741)	28,564	3,188	11,150	1,178		3,952	19,468
TOTAL SHAREHOLDERS' EQUITY	282,051	40,236	22,876	98,646	(91,665)	352,144	238,685	20,775	16,576	100,823	(90,232)	286,627
Non-current loans	28,497	95,803	28,399		14	152,713	44,625	69,608	10,088			124,321
Non-current financial liabilities for right of use	18,418	12,199	2,964	133		33,714	16,928	11,133	2,947	79		31,087
Non-current liabilities to minority shareholders for equity investments	6,806	76,787	18,712			102,305	6,364	51,781	13,734	54		71,933
Employee benefits	3,141	38,380	4,948	2,138		48,607	2,896	34,361	3,169	2,374		42,800
Non-current provisions	640	3,181	625			4,446	668	2,253	228			3,149
Deferred tax liabilities	11,023	47,919	18,061	28	(240)	76,791	7,242	29,336	8,996	587	(240)	45,921
Total non-current liabilities	68,525	274,269	73,709	2,299	(226)	418,576	78,723	198,472	39,162	3,094	(240)	319,211
Current loans	45,757	49,620	7,662		(4)	103,035	49,654	53,191	2,483	140		105,468
Current financial liabilities for right of use	2,865	6,683	1,740	122		11,410	2,572	5,487	1,910	241		10,210
Current liabilities to minority shareholders for equity investments	3,678	23,138	4,704	45		31,565	2,218	21,648	200			24,066
Payables to suppliers	417,548	130,686	29,312	9,007	(49,488)	537,065	278,255	111,254	12,597	2,779	(45,752)	359,133
Current tax payables	15,134	6,932	1,266	133	10	23,475	10,014	7,097	339	2,134	10	19,594
Other current liabilities	34,225	94,599	22,433	7,518	(892)	157,883	21,661	78,421	8,094	8,520	(915)	115,781
TOTAL CURRENT LIABILITIES	519,207	311,658	67,117	16,825	(50,374)	864,433	364,374	277,098	25,623	13,814	(46,657)	634,252
TOTAL LIABILITIES	587,732	585,927	140,826	19,124	(50,600)	1,283,009	443,097	475,570	64,785	16,908	(46,897)	953,463
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	869,783	626,163	163,702	117,770	(142,265)	1,635,153	681,782	496,345	81,361	117,731	(137,129)	1,240,090

5 Revenues

The Group's revenues are generated in Italy with the exception of those generated by the German subsidiaries PBU CAD-Systeme GmbH, Cimtech GmbH and CadLog GmbH, by the Swiss WSS IT Sagl, by the Romanian Beenear Srl, as well as the China-based subsidiary Fen Wu Shanghai Ltd. The revenues item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Sale of solutions, software and accessories	1,056,239	842,653
Development of software and other services	122,174	81,784
Hardware and software assistance	89,247	74,986
Marketing activities	8,118	7,104
Other sales	22,993	18,252
Total	1,298,771	1,024,779

Group revenues recorded an increase of 26.7% Y/Y of which approximately 14% generated thanks to the contribution of external leverage (M&A) and changes in the scope of consolidation and the remaining 76% from organic growth.

6 Other Income

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Transport activities	1,200	1,149
Capital gains on disposals	168	1,954
Commissions	1,256	1,348
Leases and rents	588	267
Training courses	82	22
Other income	9,671	7,181
Total	12,965	11,921

7 Consumables and goods for resale

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Purchase of hardware	737,283	543,272
Purchase of software	248,299	237,037
Consumables and other purchases	2,582	1,531
Total	988,164	781,840

8 Costs for Services and Rent, Leasing and Similar Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Technical assistance for hardware and software maintenance	36,633	31,773
Consulting activities	29,322	20,887
Agents' commissions and contributions	6,554	3,924
Rentals and hires	3,567	2,523
Marketing	6,472	3,947
Transport	4,417	3,562
Insurance policies	2,146	1,638
Utilities	1,712	1,382
Logistics and warehouse storage	1,043	557
Support and training expenses	1,190	1,040
Maintenance	5,307	3,742
Other service expenses	21,017	14,714
Total	119,380	89,689

Costs for services and rent, leasing and similar costs amounted to Euro 119,380 thousand, up by Euro 29,691 thousand (+33%) compared to October 31, 2021. The change in the item is attributable to the increase in business volume in addition to other specific changes including the main ones: (i) the accrual of the notional cost related to the 2021-2023 annual and three-year stock grant plan related to the Company's executive directors recognized in consulting, (ii) the increase in agency commissions related to the higher turnover, and (iii) the increase in other service expenses as a result of the enlargement of the Group's scope of consolidation.

9 Personnel Costs

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Wages and salaries	76,622	63,639
Social security contributions	21,239	17,883
Contributions to pension funds	5,201	4,337
Reimbursements and other personnel costs	6,057	4,922
Total	109,119	90,781

The following table shows the average and precise number of the Group's employees:

<i>(in units)</i>	Average number of employees at 31 October		Precise number of employees at 31 October	
	2022	2021	2022	2021
Executives	46	36	47	39
Middle Management	382	287	392	295
White collar	3,692	3,167	3,836	3,296

Blue collar	90	88	82	84
Trainees ¹	89		77	
Total	4,299	3,578	4,434	3,714

10 Other Operating Charges

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Accrual to provision for bad debts (net of recoveries)	3,611	1,570
Charges and commissions for the assignment of receivables without recourse	344	907
Duties and taxes	661	579
Capital losses on disposals	29	7
Losses not covered by the provision for bad debts	38	
Provisions for risks and charges	350	244
Other operating costs	2,922	1,053
Total	7,955	4,360

11 Amortisation and Depreciation

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended 31 October	
	2022	2021
Intangible assets	11,473	8,464
Depreciation of the right of use	5,716	5,204
Property, plant and equipment	7,274	5,830
Write-down of intangible assets		
Total	24,463	19,498

Amortisation of intangible assets included Euro 7,715 thousand (Euro 5,651 thousands at 31 October 2021) relating to the client lists and technological know-how items, resulting from the allocation of the difference in value between the cost for acquisitions of companies recently included in the scope of consolidation and the related book value of equity.

The change in the depreciation of property, plant and equipment, which rose from Euro 5,830 thousand at 31 October 2021 to Euro 7,274 thousand at 31 October 2022, refers to investments in technological infrastructures and software for the provision of IT services. Depreciation of the right of use, in compliance with IFRS16, pass from Euro 5,204 thousand at 31 October 2021 to Euro 5,716 thousand at 31 October 2022, mainly due to the enlargement of the Group's consolidation perimeter.

¹ The number of trainees was first reported from the period to 30 April 2022.

12 Financial Income and Expenses

This item breaks down as follows:

<i>(Euro thousands)</i>	Period ended at 31 October	
	2022	2021
Interest expense on sales of receivables	(1,324)	(790)
Expenses and commissions for sales of receivables with recourse	(406)	(121)
Bank and loan interest expense	(420)	(159)
Other interest payable	(1,856)	(1,164)
Commissions and other financial expenses	(1,470)	(1,693)
Financial expenses related to severance indemnities	(523)	(160)
Total financial expenses	(5,999)	(4,087)
Interest income on other short-term receivables	284	245
Other financial income	778	149
Bank interest income	70	17
Dividends from shareholdings	222	67
Total financial income	1,354	478
Total financial income and expenses (a)	(4,645)	(3,609)
Exchange losses	(5,994)	(1,244)
Exchange gains	5,894	976
Total exchange gains and losses (b)	(100)	(268)
Net financial expenses (a+b)	(4,745)	(3,877)

Financial income and expenses increased from a net negative balance of Euro 3,877 thousand at 31 October 2021 to a negative balance of Euro 4,745 thousand at 31 October 2022 the increase in turnover and the negative trend in interest rates. Exchange gains and losses at 31 October 2022 recorded a net negative balance of Euro 100 thousand compared to a net negative balance of Euro 268 thousand as at 31 October 2021.

13 Income Taxes

Income taxes at 31 October 2022 are equal to Euro 17,628 thousand and are based on the best estimate of taxes in accordance with the legislation in force.

<i>(Euro thousand)</i>	Period ended at 31 October	
	2022	2021
Current taxes	19,260	13,933
Deferred taxes	(1,632)	(575)
Taxes related to previous fiscal years		
Total	17,628	13,358

14 Intangible Assets

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Client list	Software and other intangible assets	Technological know-how	Total
Balance at 30 April 2022	65,343	12,924	150,013	228,280
<i>Of which:</i>				
- historical cost	83,253	34,108	166,861	284,222
- accumulated amortisation	(17,910)	(21,184)	(16,848)	(55,942)
Change in the scope of consolidation	3,547	3,794	27,863	35,204
Investments	7,763	1,465	20,827	30,055
Amortisation	(3,237)	(3,282)	(4,954)	(11,473)
Reductions				
Balance at 31 October 2022	73,416	14,901	193,749	282,066
<i>Of which:</i>				
- historical cost	94,563	39,367	215,551	349,481
- accumulated amortisation	(21,147)	(24,466)	(21,802)	(67,415)

It should be noted that the Purchase Price Allocation (PPA) process, initiated following the acquisition of control of the companies entered the scope of consolidation in the period ended 31 October 2022 is in progress at the reporting date of these condensed consolidated half-year financial statements for the companies Eurolab Srl e STB Srl. The Group has assessed whether there are indicators of impairment of intangible assets with finite useful lives that can be traced through internal sources or external sources of information. Typically external sources may consist of changes in the technological, economic, and legal environment in which it operates, while internal sources are represented by business strategies that may or may not change the intended use of the assets. From the analyses conducted, no indicators of impairment were identified

15 Property, plant and equipment and rights of use

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Land	Buildings	Office equipment	Leasehold Improvements	Other property, plant and equipment	Rights of use	Total
Balance at 30 April 2022	3,308	8,224	25,710	7,586	9,714	57,401	111,943
<i>Of which:</i>							
- historical cost	3,308	9,712	65,790	14,419	22,176	89,280	204,685
- accumulated amortisation		(1,488)	(40,080)	(6,833)	(12,462)	(31,87)	(92,742)
Change in the scope of consolidation			190	195	1,602	96	2,083
Investments		3,400	5,242	1,896	1,126	6,341	18,005
Reductions							
Amortisation		(163)	(5,006)	(621)	(1,484)	(5,716)	(12,990)
Other movements							
Saldo al 31 October 2022	3,308	11,461	26,136	9,056	10,958	58,122	119,041

<i>Of which:</i>							
- historical cost	3,308	13,112	71,222	16,510	24,904	95,717	224,773
- accumulated amortisation		(1,651)	(45,086)	(7,454)	(13,946)	(37,595)	(105,732)

16 Investment Property

This item and related changes break down as follows:

<i>(Euro thousands)</i>	Land	Buildings	Total
Balance at 30 April 2022	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)
<i>Investments</i>			
<i>Disinvestments</i>			
<i>Depreciation</i>			
Balance at 31 October 2022	281	9	290
<i>Of which:</i>			
- historical cost	281	10	291
- accumulated depreciation		(1)	(1)

The “Investment Property” item includes the value of land and buildings held by the Group for investment purposes. In particular, two agricultural plots of land in Villanova (Empoli) and an apartment for office use in Rome, all of which are fully owned.

17 Other current and non-current receivables and assets

This item breaks down as follows:

<i>(Euro thousands)</i>	AI 31 October 2022	AI 30 April 2022
Non-current receivables from others	3,133	2,878
Non-current equity investments in other companies	13,709	11,955
Non-current securities	702	461
Non-current receivables for guarantees given	240	
Other non-current tax receivables	1,486	1,311
Non-current receivables from associated companies	50	50
Total other non-current receivables and assets	19,320	16,655
Current receivables from others	55,658	25,788
Other current tax receivables	12,027	10,864
Accrued income and prepaid expenses	50,929	47,472
Derivative assets		
Other current securities	8,810	2,594
Current receivables from non-consolidated group companies	354	-

Total other current receivables and assets	127,778	86,718
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18 Inventories

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2022	2022
Finished products and goods for resale	159,840	141,301
Work in progress and semi-finished products	6,144	2,733
Total	165,984	144,034

Finished products and goods for resale are shown net of the write-down provision for obsolescence, which underwent the following changes during the period:

<i>(Euro thousands)</i>	Provision for obsolescence of finished products and goods for resale
Balance at 30 April 2022	2,577
Net change	(1,179)
Balance at 31 October 2022	1,398

19 Current Trade Receivables

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2022	2022
Trade receivables	472,984	462,974
Provision for bad debts	(33,010)	(29,812)
Trade receivables net of the provision for bad debts	439,974	433,162
Receivable from associates	1,201	1,417
Total current trade receivables	441,175	434,579

Trade receivables were recognised net of the balance relating to customers subject to bankruptcy proceedings and composition with creditors amounting to Euro 22,188 thousand al 31 October 2022 (Euro 29,812 thousand al 30 April 2022).

The table below shows changes in the provision for bad debts:

<i>(Euro thousands)</i>	Provision for bad debts
Balance at 30 April 2022	29,812
Accrual to provisions	3,611
Use and other changes	(663)
Change in the scope of consolidation	250

Balance at 31 October 2022	33,010
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20 Shareholders' Equity

Share Capital

At 31 October 2022, the fully subscribed and paid-up share capital of the Parent Company amounted to Euro 37,127 thousand and consisted of 15,494,590 ordinary shares, all with no nominal value. The Company has no Warrants nor shares other than ordinary shares.

21 Earnings per Share

The following table shows the calculation of basic and diluted earnings per share.

<i>(in Euro, unless otherwise specified)</i>	Period ended at 30 April	
	2022	2021
Profit for the period – attributable to the Group in Euro thousands	38,748	31,811
Average number of ordinary shares (*)	15,425,369	15,449,795
Earnings per share – basic	2.51	2.06
Average number of ordinary shares and warrant (**)	15,494,590	15,494,590
Earnings per share – diluted	2.50	2.05

(*) Monthly weighted average of outstanding shares, net of treasury shares in portfolio.

(**) Monthly weighted average of outstanding shares, net of treasury shares in portfolio and including the impact of Stock Options/Grants Plans.

22 Current, Non-current Loans and right of use

The table below provides a breakdown of this item at 31 October 2022 and 30 April 2022:

At 31 October 2022 <i>(Euro thousands)</i>	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term loans	103,717	255,018		358,735
Short-term loans	30,505			30,505
Advances received from factoring companies	378			378
Financial liabilities for rights of use	11,410	23,622	10,092	45,124
Total	146,010	278,640	10,092	434,742

At 30 April 2022 <i>(Euro thousands)</i>	Within 12 months	Between 1 and 5 years	Over 5 years	Total
Long-term loans	110,786	200,367		311,153
Short-term loans	50,267			50,267
Advances received from factoring companies	590			590
Financial liabilities for rights of use	11,084	23,584	10,265	44,933
Total	172,727	223,951	10,265	406,943

The “advances received from factoring companies” item refers to advances granted by factoring companies against receivables from customers assigned in the period that did not meet the requirements for the derecognition of financial assets.

The table below summarises the main outstanding loans:

(Euro thousands)

Funding entity	Original amount	Company funded	New loan	Expiry	Rate applied	At 31 October	
						2022	Of which current
BNL BNP Paribas SpA	40,000	Var Group S.p.A.	apr-22	apr-27	Euribor 6m + 0.75%	36,000	8,000
BNL BNP Paribas SpA	25,000	Computer Gross S.p.A.	lug-19	gen-25	Euribor 3m + 1.10%	11,250	5,000
Credit Agricole SpA	25,000	Var Group S.p.A.	lug-20	lug-24	Euribor 3m + 0.60%	11,011	6,278
Intesa Sanpaolo SpA	25,000	Var Group S.p.A.	mag-22	mag-27	Euribor 6m + 0.75%	25,000	5,000
Banca Popolare Emilia Romagna SpA	20,000	Var Group S.p.A.	feb-20	feb-23	Euribor 3m + 0.85%	4,166	4,166
Banca MPS SpA	15,000	Var Group S.p.A.	set-22	dic-27	Euribor 6m + 0.95%	15,000	1,461
Banca BPM	12,000	Var Group S.p.A.	mar-22	mar-27	Euribor 3m + 1.1%	10,816	2,370
Unicredit SpA	11,500	Var Group S.p.A.	mag-21	mag-25	Euribor 3m + 1.00%	7,906	2,875
Unicredit SpA	10,000	Computer Gross S.p.A.	mag-21	mag-25	Euribor 6m + 0.65%	7,500	2,500
Banca MPS SpA	10,000	Computer Gross S.p.A.	feb-20	giu-25	Euribor 6m + 0.65%	6,000	2,000
Intesa Sanpaolo SpA (ex UBI)	10,000	Computer Gross S.p.A.	nov-20	nov-23	Euribor 3m + 0.85%	4,179	3,335
Intesa Sanpaolo SpA	10,000	Computer Gross S.p.A.	mag-22	mag-27	Euribor 6m + 0.75%	10,000	2,000

The table below summarises the financial lease agreements in place:

(Euro thousands)

Funding entity	New Loan	Expiry	At 31 October		At 30 April	
			2022	Of which current	2022	Of which current
Leasint SpA	May-18	May-30	3.182	334	3.347	332
Leasint SpA	Jan-17	May-30	5.987	443	6.204	437
Leasint SpA	Sep-13	May-30	435	27	448	25
Leasint SpA	Oct-10	May-30	5190	307	5.341	304
Leasint SpA	Dec-08	Sep-25	106	94	151	92
Operating leases, leases and rentals			30.224	10.205	29.442	9.894
Total			45.124	11.410	44.933	11.084

The financial lease agreements entered into by Computer Gross Italia SpA with Leasint SpA are related to the real estate complex in Empoli used as headquarters and warehouse.

At 31 October 2022 and 30 April 2022, the Group's financial debt was represented mainly by loans raised in euros. A summary of the Group's net financial position is provided below:

<i>(Euro thousands)</i>	At 31 October 2022	At 30 April 2022
A. Cash	118	96
B. Cash and cash equivalents	436,310	496,215
C. Other current financial assets	8,810	2,594
D. Liquidity (A) + (B) + (C)	445,238	498,905
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	30,883	50,857
F. Current portion of non-current financial debt	115,127	121,870
G. Current financial debt (E) + (F)	146,010	172,727
H. Net current financial debt (G) - (D)	(299,228)	(326,178)
I. Non-current financial debt (excluding the current portion and debt instruments)	288,732	234,216
J. Non-current financial debt (I)	288,732	234,216
K. Net financial debt (G) + (J)	(10,496)	(91,962)

The trend of Net Financial Position mainly reflects the seasonality of the business, characterised by higher absorption of net working capital at 31 October than at 30 April of every year.

23 Employee Benefits

This item includes the provision for severance indemnities (TFR) for employees of the Group companies in Italy.

Changes in this item are detailed as follows:

<i>(Euro)</i>	At 31 October 2022	At 30 April 2022
Opening balance	44,379	40,897
Service cost	2,437	4,516
Interest on bonds	530	332
Uses and advances	(1,645)	(3,423)
Actuarial loss/(gain)	721	(2,213)
Change in the scope of consolidation and purchase of business branches	2,186	4,270
Closing balance	48,607	44,379

The actuarial assumptions used to estimate defined benefit pension plans are detailed in the following table:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2022	2022
Economic assumptions		
Rate of inflation	5.9% in 2023, 2.3% in 2024, 2.0% from 2025	1.70%
Discount rate	2.68%	2.29%
TFR increase rate	5.9% in 2023, 3.2% in 2024, 3.0% from 2025	2.78%

24 Provisions for Risks and Charges

Changes in these items are detailed as follows:

<i>(Euro thousands)</i>	Provision for agents' pension plans	Other risk provisions	Total
At 30 April 2022	1,550	2,690	4,240
Change in the scope of consolidation	240	350	590
Accruals to provisions	63	350	413
Uses		(797)	(797)
Releases			
At 31 October 2022	1,853	2,593	4,446

The item reflects provisions attributable to probable expenses to be incurred in closing disputes and contractual obligations of some Group companies including mainly IFM Infomaster SpA, Kolme Srl and Ditech Srl. The uses referred to the voluntary closure through assessment with adhesion of the only remaining significant tax dispute related to Var Group SpA opened with the Tax Audit Report (Processo Verbale di Consatazione – "PVC") of April 2, 2021.

25 Other Current Liabilities

This item breaks down as follows:

<i>(Euro thousands)</i>	At 31 October	At 30 April
	2022	2022
Accrued expenses and deferred income	72,544	95,994
Tax payables	20,436	13,675
Payables to personnel	31,118	30,900
Other payables	18,308	10,493
Payable to social security institutions	6,593	6,681
Advances from customers	8,781	7,180
Forward contracts payable	103	168
Total other current liabilities	157,883	165,091

Further information

Potential Liabilities

We are not aware of the existence of tax disputes or proceedings that could have significant repercussions on the Group's economic and financial situation.

Commitments

As at 31 October 2022, the Group had not undertaken any commitments not reflected in the financial statements.

Business Combinations

Among the business combinations carried out during the period, we report the details of the most significant below.

The SSI Sector includes the acquisition of control of Durante SpA (a company specializing in designing and offering Digital Workspace, Collaboration and Multimedia Systems Integration solutions) and YoctoIT Srl (a player specializing in offering services and solutions in Cloud and Security).

The Business Services Sector includes the acquisition of corporate control of Digital Voice Recording Italia Srl (active in the design of robotization systems), Emmedi Srl (a company that offers of dematerialization and process automation solutions for the banking world) and Ever Green Mobility Rent Srl (operating in the process management of fleet management and sustainable mobility companies).

Euro thousands	Albalog	Ausilia	Digital Ind.	Durante	DVR	Emmedi	Eurolab	Ever Green	Yoctoit	Total
Intangible assets	3,200			19,375	2,690	6,189	95	295	3,722	35,566
Property, plant and equipment	47		4	1,806	25	10	154	8	331	2,385
Other current and non-current assets	195	1,012	38	1,526	130	212	459	102	159	7,893
Inventory	12			1,138		454	441		-	2,045
Trade receivables	377		340	3,136	413	197	1,228	1,688	1,249	8,628
Cash and cash equivalents	580	6,245	545	7,041	153	795	370	360	553	12,582
Assets purchased	4,411	7,257	927	34,022	3,411	7,857	2,747	2,453	6,014	69,099
Non-current loans				452	-		31	25	359	867
Employee benefits	491		146	2,257	133	50	-	33	16	3,126
Current loans	-			-			75	3	2	80
Deferred tax liabilities	901			4,707	751	1,769	11	83	1,094	9,316
Trade payables	79	4,105	128	3,197	44	683	745	1,202	1,001	11,184
Other liabilities	657	2,152	227	3,176	396	605	490	246	65	8,014
Provisions	83					-	367			450
Liabilities purchased	2,211	6,257	501	13,789	1,324	3,107	1,719	1,592	2,537	33,037
Non controlling interest							(451)		(377)	(828)
Net assets purchased	2,200	1,000	426	20,233	2,087	4,750	577	861	3,100	35,234
Price	2,200	36		20,233	2,087	4,750	577	861	3,100	33,939
Cash and cash equivalents	580	6,245	545	7,041	153	795	370	360	553	12,582

Other non-monetary entries

Net Price	1,620	6,209	545	13,192	1,934	3,955	207	501	2,547	21,357
Client list	782	-	-		651	1,517	9	72	812	3,843
Know-how	2,345	-	-	16,332	1,954	4,552	28	215	2,437	27,863
Financial liabilities and commitments for purchase of shares from non-controlling interests	449	-	-	15,034	1,202	3,730	-	716	2,328	23,459

Events Occurring After the End of the period

For information relating to events occurring after 31 October 2022, please refer to the Report on Operations.

Balance Sheet drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

	At 31 October	of which with	% impact
<i>(Euro thousands)</i>	2022	related parties	
Intangible assets	282,066		
Rights of use	58,122		
Property, plant and equipment	60,919		
Investment property	290		
Equity Investments valued at equity	15,832		
Deferred tax assets	14,632		
Other non-current receivables and assets	19,320		
Total non-current assets	451,181		
Inventory	165,984		
Current trade receivables	441,175	3,893	0.9%
Current tax receivables	12,607		
Other current receivables and assets	127,778	36	0.0%
Cash and cash equivalents	436,428		
Total current assets	1,183,972	3,929	0.3%
Total assets	1,635,153	3,929	0.2%
Share capital	37,127		
Share premium reserve	33,144		
Other reserves	(59,294)		
Profits carried forward	312,603		
Total shareholders' equity attributable to the Group	323,580		
Shareholders' equity attributable to non-controlling interests	28,564		
Total Shareholders' equity	352,144		
Non-current loans	152,713		
Financial liabilities for non-current rights of use	33,714		
Non-current liabilities to minority shareholders for equity investments	102,305		
Employee benefits	48,607	65	0.1%
Non-current provisions	4,446		
Deferred tax liabilities	76,791		
Total non-current liabilities	418,576	65	0.0%
Current loans	103,035		
Financial liabilities for current rights of use	11,410		
Current liabilities to minority shareholders for equity investments	31,565		
Trade payables	537,065	3,513	0.7%
Current tax payables	23,475		
Other current liabilities	157,883	115	0.1%
Total current liabilities	864,433	3,628	0.4%
Total liabilities	1,283,009	3,693	0.3%
Total shareholders' equity and liabilities	1,635,153	3,693	0.2%

Income Statement drawn up in compliance with Consob resolution no. 15519 of 27 July 2006

Revenues refer mainly to commercial transactions concluded at market conditions with associated companies operating in the IT market. Similarly, costs for services and rent, leasing and similar costs are related to supplies of IT services provided by associated companies of the Sesa Group.

<i>(Euro thousands)</i>	At 31 October	of which with	% impact
	2022	related parties	
Revenues	1,298,771	6,126	0.5%
Other income	12,965	25	0.2%
Consumables and goods for resale	(988,164)	(621)	0.1%
Costs for services and rent, leasing, and similar costs	(119,380)	(9,911)	8.3%
Personnel costs	(109,119)	(490)	0.4%
Other operating charges	(7,955)		
Amortisation and Depreciation	(24,463)		
Operating result	62,655	(4,871)	-7.8%
Share of profits of companies valued at equity	851		
Financial income	7,248	4	0.1%
Financial expenses	(11,993)		
Profit before taxes	58,761	(4,867)	-8.3%
Income taxes	(17,628)		
Profit for the period	41,133		
<i>of which:</i>			
Profit attributable to non-controlling interests	2,385		
Profit attributable to the Group	38,748		

List of Subsidiaries and Associated Companies

Subsidiaries

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				31-oct-22	30-apr-22
PLURIBUS SRL	ALBALOG SRL	Sesto Fiorentino (FI)	11,000	100.0%	n.a.
VAR ONE SRL	ALFASAP SRL	Roma (RM)	20,000	51.0%	n.a.
BASE DIGITALE SECURITY SOLUTIONS SRL	A PLUS SRL	Empoli (FI)	100,000	51.0%	51.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	ABS TECHNOLOGY SPA	Firenze (FI)	2,300,000	100.0%	100.0%
ADIACENT SRL	ADACTO SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR GROUP SPA	ADDFOR INDUSTRIALE SRL	Empoli (FI)	10,850	58.5%	58.5%
ADACTO SRL	ADVIEW SRL	Empoli (FI)	10,000	100.0%	100.0%
ADIACENT SRL	AFB NET SRL	Ponte San Giovanni (PG)	15,790	62.0%	62.0%
ADIACENT SRL	ADIACENT INTERNATIONAL SRL	Empoli (FI)	10,100	60.4%	60.4%
VAR GROUP SPA	ANALYTICS NETWORK SRL	Casalecchio di Reno (BO)	40,000	51.0%	51.0%
VAR GROUP SPA	APRA SPA	Jesi (AN)	150,000	87.5%	87.5%
APRA SPA	APRA COMPUTER SYSTEM SRL	Pesaro (PS)	98,200	55.0%	55.0%
SEBIC INVESTMENTS SRL	ARGON PRODUZIONE SRL	Pescara (PE)	10,000	100.0%	n.a.
BDM SPA	AUSILIA SRL	Firenze (FI)	500,000	100.0%	n.a.
SESA SPA	BASE DIGITALE GROUP SRL	Firenze (FI)	6,230,920	86.5%	81.3%
BASE DIGITALE GROUP SRL	BDM SPA	Firenze (FI)	5,435,000	100.0%	81.3%
STB SPA	BDX SRL	Colecchio (PR)	50,000	100.0%	n.a.
BASE DIGITALE GROUP SRL	BASE DIGITALE PLATFORM SRL	Firenze (FI)	10,000	99.5%	81.3%
BASE DIGITALE GROUP SRL	BASE DIGITALE SECURITY SOLUTION SRL	Firenze (FI)	10,000	99.0%	99.0%
DI. TECH SPA	BEENEAR SRL	Iasi	4,442,650 RON	100.0%	100.0%
VAR GROUP SPA	BLOCKIT SRL	Padova (PD)	27,400	69.8%	69.8%
YARIX SRL	BRAINWORKS COMPUTER-TECNOLOGIE GmBH	Munchen	25,659	Merged into Icos GMBH	100.0%
VAR GROUP SPA	CADLOG GROUP SRL	Milano (MI)	100,000	60.0%	60.0%
CADLOG GROUP SRL	CADLOG GMBH	Eching	25,565	100.0%	100.0%
CADLOG GROUP SRL	CADLOG SL	Madrid	3,000	94.0%	94.0%
CADLOG GROUP SRL	CADLOG SAS	Tremblay-en-France	10,000	100.0%	100.0%
PBU CAD-Systeme GMBH	CIMTEC GMBH	Großheirath	25,000	100.0%	100.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	CITEL SPA	Milano (MI)	606,060	67.0%	67.0%
VAR GROUP SPA	DATEF SPA	Bolzano (BZ)	126,000	51.0%	51.0%
VAR GROUP SPA	DIGITAL GDO SRL	Empoli (FI)	1,000,000	95.6%	n.a.
BEENEAR SRL	DI VALOR SOLUÇÕES EM TECNOLOGIA E CONSULTORIA LTDA	Jardim Das Perdizes	375,000 Reais	10.0%	10.0%
DI. TECH SPA				90.0%	90.0%
VAR GROUP SPA	DURANTE SPA	Cormano (MI)	1,000,000	51.0%	n.a.
VAR GROUP SPA	VAR4TEAM SRL	Bergamo (BG)	202,500	60.5%	60.5%
VAR ONE SRL				14.2%	14.2%

COMPUTER GROSS SPA	VALUE 4CLOUD SRL	Empoli (FI)	50,000	100.0%	100.0%
COMPUTER GROSS SPA	CLEVER CONSULTING SRL	Milano (MI)	34,860	55.0%	55.0%
VAR GROUP SPA	VAR BMS SPA	Milano (MI)	1,562,500	91.4%	91.4%
APRA SPA	CENTRO 3 CAD SRL	Jesi (AN)	10,000	80.0%	80.0%
COMPUTER GROSS SPA	KOLME SRL	Milano (MI)	150,000	66.0%	66.0%
SAILING SRL	MERSY SRL	Empoli (FI)	10,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS ACCADIS SRL	Roma (RM)	100,000	51.0%	51.0%
SESA SPA	COMPUTER GROSS SPA	Empoli (FI)	40,000,000	100.0%	100.0%
COMPUTER GROSS SPA	COMPUTER GROSS NESSOS SRL	Empoli (FI)	52,000	60.0%	60.0%
VAR GROUP SPA	COSESA SRL	Empoli (FI)	15,000	100.0%	100.0%
PLURIBUS SRL	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	100.0%	n.a.
VAR GROUP SPA	DELTA PHI SIGLA SRL	Empoli (FI)	99,000	n.a.	100.0%
DIGITAL GDO SRL	DI. TECH SPA	Bologna (BO)	2,575,780	100.0%	n.a.
VAR GROUP SPA	DI. TECH SPA	Bologna (BO)	2,575,780	n.a.	100.0%
VAR GROUP SPA	DIGITAL CLOUD SRL	Empoli (FI)	80,000	79.3%	79.3%
DURANTE SPA	DIGITAL INDEPENDENT SRL	Milano (MI)	95,000	100.0%	n.a.
VAR GROUP SPA	DIGITAL SECURITY SRL	Empoli (FI)	100,000	90.3%	90.3%
BASE DIGITALE PLATFORM SRL	DIGITAL STORM SRL	Milano (MI)	25,000	60.0%	60.0%
DURANTE SPA	DIGITAL WORKSPACE SRL	Empoli (FI)	20,000	100.0%	n.a.
GENCOM SRL	DIGITAL WORKSPACE SRL	Empoli (FI)	20,000	n.a.	35.0%
MY SMART SERVICES SRL	DIGITAL WORKSPACE SRL	Empoli (FI)	20,000	n.a.	65.0%
BASE DIGITALE PLATFORM SRL	DVR ITALIA SRL	Torino (To)	22,222	72.0%	n.a.
VAR GROUP SPA	EAST SERVICES SRL	Bolzano (BZ)	200,000	n.a.	18.0%
VAR SYSTEM SRL	EAST SERVICES SRL	Bolzano (BZ)	200,000	100.0%	82.0%
BASE DIGITALE SECURITY SOLUTIONS SRL	EAST SERVICES SRL	Bolzano (BZ)	200,000	75.0%	75.0%
VAR GROUP SPA	ELMAS SRL	Empoli (FI)	41,600	7.5%	7.5%
YARIX SRL	ELMAS SRL	Empoli (FI)	41,600	7.5%	7.5%
BASE DIGITALE PLATFORM SRL	EMMEDI SRL	Udine (UD)	121,000	51.0%	n.a.
APRA SPA	EUROLAB SRL	Udine (UD)	10,400	55.0%	n.a.
BASE DIGITALE PLATFORM SRL	EVER GREEN MOBILITY RENT SRL	Scandicci (FI)	10,000	52.0%	n.a.
APRA SPA	EVOTRE SRL	Jesi (AN)	210,000	56.0%	56.0%
ADIACENT SRL	ENDURANCE SRL	Bologna (BO)	15,600	51.0%	51.0%
ADIACENT INTERNATIONAL SRL	FEN WO (SHANGAI) MANAGEMENT CONSULTING CO., LTD	Shanghai	195,624	55.3%	55.3%
DIGITAL SECURITY SRL	GENCOM SRL	Forli (FO)	82,000	40.0%	40.0%
YARIX SRL	GENCOM SRL	Forli (FO)	82,000	60.0%	60.0%
BASE DIGITALE PLATFORM SRL	IFM INFOMASTER SPA	Genova (GE)	661,765	89.3%	66.8%
COMPUTER GROSS SPA	ICOS SPA	Ferrara (FE)	510,200	81.3%	81.3%
ICOS SPA	ICOS Deutschland GmbH	Munchen	100,000	100.0%	100.0%
COMPUTER GROSS SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	66.7%	66.7%
VAR GROUP SPA	ICT LOGISTICA SRL	Empoli (FI)	775,500	33.3%	33.3%
SESA SPA	IDEA POINT SRL	Empoli (FI)	10,000	100.0%	100.0%
DATEF SRL	INDUSTRIAL CYBER SECURITY SRL	Bolzano (BZ)	50,000	70.0%	70.0%
ADIACENT INTERNATIONAL SRL	ALISEI CONSULTING LDT	Shanghai	200,000 CNY	100.0%	100.0%

VAR GROUP SPA	INFOLOG SPA	Modena (MO)	300,000	51.0%	51.0%
VAR GROUP SPA	KLEIS SRL	TORINO (TO)	10,400	51.0%	51.0%
DIGITAL CLOUD SRL	NEBULA SRL	Empoli (FI)	22,000	49.0%	49.0%
LEONET4CLOUD SRL				51.0%	51.0%
VSH SRL	VAR SERVICE SRL	Empoli (FI)	66,263	n.a.	72.0%
M.F. SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	n.a.	2.8%
COMPUTER GROSS SPA	COLLABORATION VALUE SRL	Empoli (FI)	20,000	58.0%	58.0%
DIGITAL CLOUD SRL	LEONET4CLOUD SRL	Empoli (FI)	60,000	100.0%	100.0%
VSH SRL	M.F. SERVICES SRL	Campagnola Emilia (RE)	118,000	70.0%	70.0%
VAR GROUP SPA	MY SMART SERVICES SRL	Empoli (FI)	20,000	100.0%	100.0%
DIGITAL SECURITY SRL	NGS SRL	Padova (PD)	10,000	60.0%	60.0%
BDX SRL	OMIGRADE SERVIZI SRL	Colecchio (PR)	46,800	100.0%	n.a.
ADVIEW SRL	OTCADA MEX S DE RL DE DV	Guadalajara, Jalisco, Messico	10,000 MXN	100.0%	100.0%
PALITASOFT SRL	PAL IFM SRL	Catanzaro (CZ)	50,000	55.0%	55.0%
APRA SPA	PALITALSOFT SRL	Jesi (AN)	135,000	55.0%	55.0%
SIRIO INFORMATICA E SISTEMI SPA	PANTHERA SRL	Milano (MI)	500,000	79.4%	79.4%
VAR GROUP SPA				9.6%	9.6%
TECH VALUE SRL	PBU CAD-SYSTEME GmbGH	Aichach	26100	60.0%	60.0%
VAR ONE SRL	PEGASO SRL	Piacenza (PC)	51,480	51.0%	51.0%
VAR GROUP SPA	PLURIBUS SRL	Empoli (FI)	50,000	91.0%	n.a.
COMPUTER GROSS SPA	P.M. SERVICE S.R.L.	Pontassieve (FI)	145,928	70.0%	70.0%
APRA SPA	POLYMATIC SRL	San Giovanni Teatino (CH)	50,000	100.0%	68.1%
VAR GROUP SPA	PRAGMA PROGETTI SRL	TORINO (TO)	100,000	36.0%	36.0%
PANTHERA SRL	SOFTHARE	Tunisi	250000 TND	99.0%	99.0%
LEONET4CLOUD SRL	VAR EVOLUTION SRL	Empoli (FI)	66,667	31.8%	31.8%
VAR INDUSTRIES SRL				31.8%	31.8%
SESA SPA				27.4%	27.4%
VAR GROUP SPA	ADIACENT SRL	Empoli(FI)	1,091,586	50.9%	50.9%
BDM SPA				2.5%	2.5%
APRA SPA				7.4%	7.4%
DIGITAL GDO SRL	SAILING SRL	Reggio Emilia (RE)	10,000	100.0%	n.a.
VAR GROUP SPA	SAILING SRL	Reggio Emilia (RE)	10,000	n.a.	87.5%
PM SERVICE SRL	SEBIC INVESTMENTS SRL	Pontassieve (FI)	10,000	100.0%	100.0%
ADACTO SRL	SEMIO SRL	Empoli (FI)	20,000	100.0%	100.0%
COMPUTER GROSS SPA	SERVICE TECHNOLOGY SRL	Arezzo (AR)	12,350	55.0%	55.0%
VAR ONE SRL	VAR ONE NORD EST SRL	Pordenone (PN)	30,000	100.0%	100.0%
VAR GROUP SPA	SIRIO INFORMATICA E SISTEMI SPA	Milano (MI)	1,020,000	51.0%	51.0%
VAR SERVICE SRL	ISD NORD SRL	Roma (RM)	10,400	100.0%	100.0%
ADIACENT SRL	SKEELLER SRL	Perugia (PG)	35,000	90.0%	51.0%
VAR GROUP SPA	SPS SRL	Bologna (BO)	10,400	60.0%	30.0%
BASE DIGITALE GROUP SRL	S.T.B. SPA	Collecchio (PR)	46,800	70.0%	70.0%
VAR GROUP SPA	TALENT WARD SRL	Empoli (FI)	50,000	80.0%	80.0%

BDX SRL	T&O SRL	Colecchio (PR)	10,000	65.0%	n.a.
ADIACENT SRL	SUPERRESOLUTION SRL	Empoli (FI)	10,000	51.0%	51.0%
BDM SPA	TECNIKE' SRL	Arezzo (AR)	10,000	51.0%	51.0%
TECH VALUE IBERICA SRL	TECH VALUE DELS PIRINEUS S.L.	Andorra la Vella (AND)	3,000	100.0%	100.0%
VAR GROUP SPA	TECH VALUE SRL	Milano (MI)	308,504	61.0%	61.0%
TECH VALUE SRL	TECH VALUE IBERICA SRL	Milano (MI)	50,000	100.0%	100.0%
VAR GROUP SPA	URBANFORCE S.C.A.R.L.	Empoli (FI)	20,000	28.6%	28.6%
ADIACENT SRL				14.3%	14.3%
VAR GROUP SPA	VAR 4 ADVISORY SPA	Empoli (FI)	80,000	50.0%	50.0%
TECH VALUE SRL	VAR ENGINEERING SRL	Empoli (FI)	160,000	96.6%	96.6%
SESA SPA	VAR GROUP SPA	Empoli (FI)	3,800,000	100.0%	100.0%
VAR GROUP SPA	VAR GROUP SUISSE SA	Lugano (CH)	100,000 CHF	100.0%	n.a.
VAR GROUP SPA	VAR GROUP SRL	Empoli (FI)	100,000	100.0%	100.0%
VAR GROUP SPA	VAR HUB SRL	Empoli	33,333	45.0%	45.0%
DI.TECH SPA				55.0%	55.0%
VAR BMS SPA	VAR ONE SRL	Empoli (FI)	255,364	81.0%	81.0%
VAR GROUP SPA	VAR PRIME SRL	Empoli (FI)	136,402	100.0%	100.0%
APRA SPA				2.5%	2.5%
SAILING SRL				2.5%	2.5%
SIRIO INFORMATICA E SISTEMI SPA	VAR INDUSTRIES SRL	Milano (MI)	214,286	45.0%	45.0%
VAR ENGINEERING SRL				10.0%	10.0%
VAR GROUP SPA				21.0%	21.0%
VSH SRL	VAR NEXT SRL	Treviso (TV)	10,000	85.0%	85.0%
MY SMART SERVICES SRL	VAR SYSTEM SRL	Empoli (FI)	40,000	100.0%	100.0%
MY SMART SERVICES SRL	VAR4YOU SRL	Empoli (FI)	30,000	100.0%	100.0%
VAR GROUP SPA	VAR THEIA SRL	Empoli (FI)	200,000	50.0%	50.0%
MY SMART SERVICES SRL	VSH SRL	Empoli (FI)	50,000	100.0%	100.0%
DIGITAL SECURITY SRL	YARIX SRL	Montebelluna (TV)	30,000	100.0%	100.0%
VAR GROUP SPA	YOCTOIT SRL	Monza (MB)	152,000	52.1%	n.a.
DIGITAL SECURITY SRL	WEELGO SRL	Bergamo (BG)	10,000	49.0%	49.0%
GENCOM SRL				51.0%	51.0%
WSS ITALIA SRL	WSS IT sagl	Camorino	20,000 CHF	100.0%	100.0%
VAR GROUP SPA	WSS ITALIA SRL	Milano (MI)	35,000	55.0%	55.0%
VAR GROUP SPA	XAUTOMATA TECHNOLOGY GMBH	Klagenfurt	40,000	76.3%	55.0%
APRA SPA	Z3 ENGINEERING SRL	Lanciano (CH)	10,500	35.0%	35.0%
VAR ONE SRL				25.0%	25.0%
DIGITAL CLOUD SRL	ZERO12 SRL	Padova (PD)	10,101	100.0%	100.0%

Associated Companies

Held by	Company	Registered office	Share capital in Euro	Percentage held at	
				31-oct-22	30-apr-22
VAR PRIME SRL	4CONSULTING SRL	Limena (PD)	20,000	20.0%	20.0%
COMPUTER GROSS SPA	ATTIVA SPA	Brendola (VI)	4,680,000	21.0%	21.0%
VAR INDUSTRES SRL	BEATREEX SRL	Milano (MI)	12,350	20.1%	n.a.
VAR BMS SPA	B.I.T. SRL	Milano (MI)	100,000	n.a.	25.0%
SESA SPA	C.G.N. SRL	Milano (MI)	100,000	47.5%	47.5%
COMPUTER NESSOS SRL	COLLABORA SRL	Vinci (FI)	15,000	29.0%	29.0%
VAR GROUP SPA	DOTDIGITAL SRL	Empoli (FI)	50,000	50.0%	50.0%
APRA SPA	EVIN SRL	Ascoli Piceno (AP)	30,000	20.0%	20.0%
VAR GROUP SPA	FINCHAIN SRL	Empoli (FI)	10,000	50.0%	n.a.
GENCOM SRL	GENDATA SRL	Forli	50,000	20.0%	20.0%
ADIACENT SRL	G.G. SERVICES SRL	Pontedera (PI)	10,200	33.3%	33.3%
VAR GROUP SPA	GVWAY SRL	Paderno Dugnano (MI)	150,000	30.0%	30.0%
DATEF SRL	INOVA Q GMBH	Wien	51,646	45.0%	45.0%
VAR INDUSTRIES SRL	INN-3D SRL	Empoli (FI)	10,500	28.6%	28.6%
VAR BMS SPA	INNORG SRL	Torino (TO)	12,000	50.0%	50.0%
M.F. SERVICES SRL				14.3%	14.3%
VAR SERVICE SRL	ISD ITALY SRL	Frascati (RM)	21,000	n.a.	14.3%
VSH SRL				14.3%	14.3%
VAR BMS SPA	ISO SISTEMI SRL	Genova (GE)	63,000	41.7%	25.0%
VAR GROUP SPA	LABOVAR SRL	Instrana (TV)	50,000	49.0%	49.0%
ADACTO SRL	LAGUNAROCK SRL	Pontedera (PI)	10,000	35.0%	35.0%
BDX SRL	LAW ON CHAIN S.R.L	Colecchio (PR)	50,000	30.6%	30.6%
VAR GROUP SPA	M.K. ITALIA SRL	Empoli (FI)	100,000	45.0%	45.0%
VAR GROUP SPA	MEDIAMENTE CONSULTING SRL	Empoli (FI)	10,000	33.0%	33.0%
VSH SRL	MTS&CARE	Gorlago (BG)	10,000	25.0%	25.0%
VAR GROUP SPA	NOA SOLUTION SRL	Cagliari (CA)	118,000	24.0%	24.0%
LEONET4CLOUD SRL	S.A. CONSULTING SRL	Milano (MI)	10,000	30.0%	30.0%
VAR GROUP SPA	SESA PROGETTI SRL	Cascina (PI)	10,400	25.0%	25.0%
COMPUTER GROSS SPA	SISTEMI MANAGERIALI SRL	Pratovecchio Stia (AR)	12,000	33.1%	33.1%
APRA SPA	SO WINE SRL	Verona (VR)	10,000	35.0%	35.0%
VAR GROUP SRL	STUDIO 81 DATA SYSTEM SRL	Roma (RM)	18,504	50.0%	50.0%
ADACTO SRL	THE GREENWATCHER SRL	Milano (MI)	10,000	35.0%	35.0%
GENCOM SRL	T-STATION ACADEMY SRL	Forli (FO)	25,000	40.0%	40.0%
VAR BMS SPA	VAR ALFA SRL	Udine (UD)	50,000	25.0%	n.a.
VAR GROUP SRL	VAR & ENGINFO SRL	Empoli (FI)	70,000	30.0%	30.0%
VAR GROUP SRL	VAR IT SRL	Parma (PR)	50,000	22.0%	22.0%
VSH SRL				72.0%	n.a.
MF SERVICES SRL	VAR SERVICE SRL	Empoli (FI)	66,263	2.8%	n.a.
SIRIO INFORMATICA E SISTEMI SPA	WEBGATE ITALIA SRL	Milano (MI)	40,000	30.0%	30.0%
APRA SPA	WINLAKE ITALIA SRL	Novi Ligure (AL)	10,200	33.3%	33.3%

Declaration pursuant to article 154-bis, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, “Consolidated Law on Financial Intermediation”, as amended

1. The undersigned Paolo Castellacci, in his capacity as Chairman of the Board, and Alessandro Fabbroni, in his capacity as Financial Reporting Manager of Sesa SpA, taking into account that envisaged by article 154-bis, paragraphs 3 and 4, of Legislative Decree No. 58 of 24 February 1998, hereby certify:
 - The adequacy in relation to the characteristics of the business, and
 - The effective application of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements at 31 October 2022.
2. The assessment of the adequacy of the administrative and accounting procedures for the preparation of the Condensed Consolidated Half-Year Financial Statements at 31 October 2022 was carried out in compliance with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a framework of reference generally accepted at international level.
3. It is also certified that:
 - 3.1 The Condensed Consolidated Half-Year Financial Statements:
 - a) have been prepared in compliance with the applicable international accounting standards recognised by the European Community pursuant to EC Regulation 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) correspond to the results of the accounting books and records;
 - c) provide a true and fair representation of the financial position, results of operations and cash flows of the issuer and of all the companies included within the scope of consolidation.
 - 3.2 The Report on Operations includes a reliable analysis of the significant events that took place during the first six months of the current year and the impact of these events on the Company's Condensed Consolidated Half-Year Financial Statements, together with a description of the main risks and uncertainties for the second half of the year. The Interim Report on Operations also includes a reliable analysis of information on significant transactions with related parties.

Empoli, 19 December 2022

Paolo Castellacci
Chairman of the Board of Directors

Alessandro Fabbroni
Chief Executive Officer
Financial Reporting Manager

Independent Auditor's Report



KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Sesa S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Sesa Group, comprising the statement of financial position as at 31 October 2022, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

Ancona Bari Bergamo
Bologna Bolzano Brescia
Catania Como Firenze Genova
Lecce Milano Napoli Novara
Padova Palermo Parma Perugia
Pescara Roma Torino Treviso
Trieste Varese Verona

Società per azioni
Capitale sociale
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Sesa Group

*Report on review of condensed interim consolidated financial statements
31 October 2022*

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Sesa Group as at and for the six months ended 31 October 2022 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The annual consolidated financial statements at 30 April 2022 and the condensed interim consolidated financial statements at 31 October 2021 were respectively audited and reviewed by other auditors, who expressed an unmodified opinion and an unmodified conclusion thereon on 25 July 2022 and 20 December 2021, respectively.

Firenze, 19 December 2022

KPMG S.p.A.

Giuseppe Pancrazi
Director of Audit

www.sesa.it

Sesa SpA headquarters in Empoli (Florence) - Italy

Via della Piovola, 138

Share capital Euro 37,126,927 f.p.

Registration no. in the Companies Register of
Florence and VAT number 07116910964

The logo for Sesa, featuring the word "Sesa" in a white, stylized, handwritten-style font. The letter 'S' is particularly large and has a unique, flowing shape that extends into the 'e's.